

Do Salary Schedules Make Sense Anymore?

This report from the “front lines” may give district leaders some food for thought.

By John Hutchison, CPA, MBA, SFO



Before you read on, let me put forth my big disclaimer: Teacher pay is touchy stuff. This article may point out my perceived flaws with how teachers are compensated, but I am *not* anti-teacher. Both of my daughters are teachers. I believe teaching is one of the hardest jobs in the world (I tried teaching a couple of college-level courses).

The simple truth is that public education is under attack in the United States, and I believe one way to help improve our chances of winning the war is through a new compensation system. When you don't get the

results you want in a military endeavor, you don't blame the soldiers, right? You think of better ways to support them: better tools, better protection, better training. I simply want to help teachers—good teachers—come to the profession and stay with the profession to help move us forward as a nation.

Birth of the Salary Schedule

Allan Odden (2001), director of the Consortium of Policy Research in Education at the University of Wisconsin–Madison, has done extensive research on salary

schedules. He reports that the traditional salary schedule dates back to 1921. School systems in Des Moines, Iowa, and Denver, Colorado, were the first to implement them.

Equalizing salaries in the profession was the motivation for the step system. At the time, female teachers made less money than male teachers, minority teachers made less than white teachers, and elementary school teachers made less than high school teachers. Longevity seemed the fairest way to even out the pay scale. At about the same time, the private sector moved to seniority-based pay systems.

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The traditional salary system also provided incentives for teachers to further their education. Most elementary school teachers had associate degrees; the salary schedule could spur them to get bachelor's degrees, and those with bachelor's degrees to earn their master's.

The justifications for salary schedules in 1921 were appropriate and solved the problem at hand. But nearly 100 years later, that very same system—originally designed to help—is stifling the teaching profession. The system has not evolved to mirror the private sector, as was the case in 1921. Today's private sector is focused on performance.

Unfortunately, the majority of school districts in the United States still use a “lockstep” approach to teacher pay that ignores job performance. We are devoting a great portion of our budgets to pay teachers through a system that is not set up to actually pay for great teaching. Instead, we pay for paper credentials and time on the job, neither of which has proved to translate into guaranteed success for our students, particularly beyond the first few years in the classroom.

The Problem

Current salary schedule structures create three main problems: (1) they make it hard to recruit top talent, (2) they push great teachers away and encourage ineffective teachers to stay, and (3) they discourage high performers from teaching in the schools that need them the most.

Here are some sobering statistics that affect recruitment, retention, and differentiation of teachers (TNTP 2014):

- Starting teacher salaries are about 25% less than those of professions like marketing, nursing, and accounting.
- Only 10% of the top one-third of college graduates believe teaching offers a competitive salary.
- Salaries are stagnant in the first decade for teachers compared with other professionals. Biologists double



their salary over 10 years, whereas biology teachers do not.

- Other professionals reach the top of their pay scale before they've put in 20 years and see big raises during years they are raising children and buying homes. (That is not solely an issue of money—many salary schedules are back-loaded with larger step increases at the middle or end of the schedule.)
- High-performing teachers are more than twice as likely as low performers to cite dissatisfaction with compensation as a reason for leaving. At the same time, struggling teachers have an incentive because they just need to show up.
- The bottom 50% of teachers still take about 50% of the pay. That sends a message that bad teaching is just as valuable as good teaching.
- Schools across the country spend over \$8.5 billion annually for teachers who have master's degrees or Ph.D.s, despite the lack of evidence that having such a degree improves student learning. Furthermore, nearly 90% of teachers hold master's degrees in areas that have no proven benefit to student achievement. Wouldn't we be better off if those funds were reallocated to reward teachers with track records of

excellence in the classroom, whether or not they hold an advanced degree?

The Solution

I do not claim to have the absolute, be-all-and-end-all answer to the problem of teacher compensation. This article serves more as a call to action. We must be willing to admit that the current system is broken and will not yield the results the public wants and our students deserve. The United States cannot afford to conduct business as usual. Here are a few strategies that I believe have some merit and warrant further study:

Teacher levels. Abandon the entitlement structure that is driven by passage of time and attainment of advanced degrees for a system that recognizes the growth of teachers in terms that translate into student improvement. Whether a three-tiered system of residency, professional, and master teacher or the National Education Association's suggested four-tier system of provisional, emerging, professional, and accomplished teacher designations, we need a system in which teachers advance according to performance.

Many of us are certified public accountants. Think back. Did our profession reward us for simply surviving the year? Absolutely not! Like most industries, we had to perform in order to receive raises and advancement, and not everyone received the same increase. Why should the teaching profession be different?

Principal as instructional leader. Movement along such a system will require an objective, structured review process. The key word is "objective," not "entitled." Although some might suggest a peer review process, I suggest a principal-driven process. However, to be effective, principals must maximize their time in the classroom, evaluating instruction versus managing non-instructional aspects of operations.

Principal as servant leader. If the principal is to evaluate the teacher and if the teacher's progression along the various levels (leading to increased compensation) depends on that evaluation, then the principal must be held responsible for his or her own performance. The principal's compensation must be tied to the success of the teachers whom he or she evaluates. All for one and one for all. Does a regional sales manager gain additional compensation if his or her sales force is flat? Why should a principal be rewarded if the staff does not perform?

School-wide rewards and incentives. Taken a step further, the entire school's compensation model should be tied to student improvement. A component of teacher compensation could be the same across one school but different from school to school. Differentiation of pay is critical for rewarding great teachers and encouraging others to follow.

Rewards for teaching more kids. Eric Hanushek (2002) of Stanford University, an expert in the economics of education, shows that teachers near the top of the quality distribution can get an entire year's worth of additional learning out of their students compared with those near the bottom. So why not set class size according to teacher ability? What do traditional compensation systems reward in other industries? Production! I know, I know, these are kids not widgets! But shouldn't an outstanding teacher be rewarded for having the same success with, say, 40 students as another teacher with only 20?

Variable compensation. So what's wrong with bonuses? Oh yeah—they are unfair. How could you possibly pit teacher against teacher? Well, how does the rest of the free-enterprise world get away with it? One-time compensation for performance rewards progress and demonstrates to others what your organization values without creating a long-term financial commitment unless the progress continues.

Differentiated pay. "You couldn't pay me enough to do that job!" Have you ever thought that? Then why do we think nothing of paying teachers the same whether they are teaching in the best of situations or the worst of situations? The fact is that socioeconomic factors affect the difficulty of a teacher's job. Even if you ignore this argument, how about differentiation in ability, production, passion or (fill in the blank)? Teachers should be paid differently, depending on the variables they contend with in the classroom, such as poverty and class size.

You will notice that I did not list test scores. Although the Obama administration's Race to the Top increased the focus on measuring teachers on the basis of standardized test scores, even this CPA knows that while performance on standardized tests could be one measure, it should not be the key measure. Why not?

- Measuring teacher performance by student test scores alone can foster a tendency to focus on test scores rather than on learning.
- According to Hanushek, the problem with "value-added" evaluation systems (those that compare test scores from the beginning of the year with those at the end of the year to measure student progress) is that standardized tests aren't that good right now; they're too easy and may not measure what students really need to know.
- Errors can occur in sampling. A class size of 20 or even 30 equates to a fairly small sample size to assess the quality of a teacher each year, leaving a lot of room for error. A study of teachers in San Diego found that 13% of the teachers who had the smallest increase in test scores one year ended up having the highest test score gains the next year (Koedel and Betts 2007).

- Learning is often not the result of only one teacher's efforts. Think of this common example: a student is struggling in math, so he's pulled out of his regular class two days a week and put in a remediation course. Who should get the credit—or the blame—for his test score at the end of the year, the regular teacher or the one who taught the remediation course?
- Researchers are also concerned about how school principals assign students to teachers. Evidence suggests that some teachers are routinely given the students with the most learning or behavior problems. That approach affects a teacher's ability to raise test scores.

Once again, I'm not saying that test scores cannot be one of the measures. But it shouldn't be the *only* measure or the prominent measure. The key is to develop an evaluation model that considers a variety of factors—factors that are important to parents and the community.

We owe it to the great teachers to find a different way to compensate them rather than by simply thanking them for choosing a vocation such as teaching.

Once developed, the evaluation should be conducted by the principal, who is the instructional leader for the school and who will be held accountable for the results of his or her school—results that depend on the teachers he or she rewards.

We owe it to the great teachers to find a different way to compensate them rather than by simply thanking them for choosing a vocation such as teaching. The stakes—the success of our children—are too high. I don't know exactly what this new compensation model should look like, but we need to start the conversation and move toward developing it.

But once developed, the war will still not be won.

Show Me the Money

Let's assume for the moment that we are able to develop an outstanding rubric for evaluating teachers and can successfully abandon the lockstep approach. We still face a monumental battle in the war. Most districts in the United States do not have enough funding to attract and retain great teachers, even with a new evaluation instrument in place. The evaluation instrument can only fairly distribute the funding available; it cannot increase funding. That problem is too big to solve at the local or even state level. It will take a national focus.

Why have Finland and South Korea been so successful at attracting the best of the best to teaching? Education

became a national focus. The governments in Finland, South Korea, and other nations recruit top graduates into the profession. They pay for training. They pay teachers significantly more than we do.

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We talk about losing competitive advantage, needing a greater STEM (science, technology, engineering, and math) focus to compete in the global economy, and losing quality vocations such as electricians and auto mechanics. The economic well-being of a nation is directly related to the skills of its population. How do we gain a more skilled population? We do so by having the most skilled of the population teaching the others, by investing in those individuals, and by making teaching an economically viable career option. So what's the problem? Money!

We are all entrenched in our own battles against the perceived inefficiencies of public education. Modifying teacher compensation systems to reward performance is a step in the right direction. The simple economics of the situation are clear. We cannot free up enough funding through improved efficiencies to fix this problem. It is going to take a larger influx of dollars to attract the best of the best to teaching and to retain them—the amount of dollars that can come only through a national focus, a federal focus. The continued strength of public education is critical to the success of this nation. Until that focus and funding come to fruition, we will continue to shortchange great teachers and risk losing the war.

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