



TEACHER QUALITY, TEACHER COMPENSATION AND HB 1234

Gov. Dennis Daugaard has proposed the Investing in Teaching Initiative, a collection of policy proposals contained in HB 1234. The multi-faceted measure will overhaul teacher evaluation and implement two alternative teacher compensation strategies. According to Gov. Daugaard, the proposals are designed to improve teacher quality and student performance. This issue brief offers a concise overview of lessons learned from research, summarizes past and current initiatives related to the proposed reforms and provides a section-by-section analysis of the measure.

TEACHER QUALITY: A BRIEF OVERVIEW

The most important factor in student success is the quality of his or her classroom teacher. That statement – that good teachers improve student achievement – isn't in itself surprising to anyone, particularly education leaders, but school board members can learn important lessons from teacher effectiveness research.

RESEARCH REVIEW: WHAT IT MEANS FOR STUDENT ACHIEVEMENT

For school board members, it is important to recognize that research clearly supports investments in programs and initiatives that improve teacher quality. Consider two important conclusions from the body of well-developed teacher effectiveness research:

- Quality teaching is a greater predictor of student achievement than a student's ethnicity, family income, school attendance or school size.^{(1) (2) (3)}
- Students benefit most when they have access to quality teachers in consecutive years.^{(2) (4)}

Arguably, those two facts alone justify investments aimed toward putting a highly qualified teacher in every classroom. The more relevant, and more difficult, question is: What are the characteristics of an effective teacher? Teacher effectiveness research raises four important considerations:

- Effective teachers have a solid background in the subject area they teach.^{(5) (6)}
- Teaching experience, typically five years or more, generates better student results.^{(7) (3)}
- Certified teachers are more effective, particularly in mathematics.^{(8) (9)}
- Students taught by individuals who have greater academic ability – as measured by college placement scores, GPA, IQ, or quality of teacher preparation programs – perform better.^{(5) (10)}

Those characteristics of effective teachers were a driving force behind education reforms instituted with No Child Left Behind. For example, the federal law required school districts to ensure each class was taught by a "highly qualified" teacher. In addition, teachers entering the profession are now required to earn certification and demonstrate mastery of the subject area in which they teach, either by passing a content knowledge test or by having majored in the subject in an undergraduate or graduate program.

TEACHER EVALUATION REFORM

Data and research tell us that teacher quality impacts student achievement – a fact that researchers say conflicts with results of teacher performance evaluations. In general, teacher evaluation policy has been criticized for not identifying poor-performing teachers and for not being a rigorous assessment of a teacher's classroom skills. Studies also suggest that teacher evaluation systems suffer because individuals evaluating teachers are not well-trained.

The criticisms of teacher evaluation systems have led to a new reform movement. Policy makers at the local, state and federal level are placing a new emphasis on using teacher evaluations as a tool to improve teacher quality.

ANALYSIS: TEACHER QUALITY IN SOUTH DAKOTA

Based on No Child Left Behind's metrics of teacher quality, South Dakota has made improvements in teacher quality. By current standards, 99.3 percent of classes are being taught by highly qualified teachers, up from 88.7 percent in 2003, when the state first began tracking the data. Unlike other states, South Dakota lacks the infrastructure necessary to link student assessment data to teacher performance, which makes it difficult to apply any other standard of measuring teacher quality.

TEACHER EVALUATION REFORM IN SOUTH DAKOTA

In recognition of the importance of quality teacher evaluation, school districts across South Dakota have invested limited resources toward implementing strong teacher evaluation systems. In fact, education leaders across South Dakota expressed concerns in 2010, when lawmakers were considering legislation to establish minimum teacher performance standards. In particular, schools boards were concerned that state efforts would impede progress on local initiatives designed to improve teacher evaluation. In recognition of those concerns, lawmakers enacted legislation that provided local school boards with the flexibility to develop local evaluation systems that conformed to state standards.

Less than a year ago, the South Dakota Board of Education adopted the minimum professional performance standards for teachers, which identifies twenty-two different indicators of teacher performance, all of which help bring uniformity to the definition of quality teaching. A limited number of schools are currently working to implement the Charlotte Danielson Framework for Teaching, and school districts across the state are required to begin evaluating teachers based on the new standards.

MARKET-BASED INCENTIVES: A BRIEF OVERVIEW

Market-based teacher compensation typically means offering additional compensation to educators that teach certain subjects or who agree to work in a more remote or more challenging location.

RESEARCH REVIEW: WHAT IT MEANS FOR STUDENT ACHIEVEMENT

Research supports that quality teaching is the greatest factor in improving student achievement, which means market-based policies are only effective if they positively affect the supply of quality teachers in a content area or provide significant incentive for teachers to choose to work in hard-to-staff schools. Research does not identify the level of market-based compensation necessary to ensure a greater supply of quality teachers, which makes determining the impact on student achievement difficult.

ANALYSIS: MARKET-BASED INCENTIVES IN SOUTH DAKOTA

Market-based pay is not a new concept. School districts currently have the authority to offer recruitment bonuses, and schools across South Dakota have offered financial incentives in response to shortages in certain subject areas and higher compensation offered by districts in neighboring states. Though they have never been evaluated for their effectiveness in improving teacher quality, several state initiatives have been developed to attempt to implement market-based incentives to recruit and retain teachers in high-need subject areas or hard-to-staff schools, including:

- **Dakota Assets:** This program offer up to \$3,000 in financial incentives for college students who agree to teach in high-need schools for three years.
- **Dakota Corps Scholarship:** Offers college loan forgiveness for teachers who agree to stay in South Dakota to teach K-12 music, special education or foreign language, or who agree to teach high school math or science.
- **Federal Grants:** South Dakota promotes federal programs that allow students to cancel or defer college student loans for teaching in a low-income or subject-matter shortage area.
- **Teacher Compensation Assistance Program:** Allowed school districts to use categorical state funding to institute market compensation strategies.

Despite state efforts to use market-based incentives, the supply of qualified teachers is a growing concern. South Dakota is currently experiencing teacher shortages in 13 academic subjects, and the number of teacher shortage areas has nearly doubled since 2008. As of 2011, there are teacher shortages in the following subject areas.⁽¹¹⁾

- Art (K-12); Career and Tech Ed (7-12); English as a New Language (K-12); Health (K-12); Language Arts (7-12); Mathematics (7-12); Music (K-12); Physical Ed (K-12); Science (7-12); Social Science (7-12); Special Ed (K-12); Speech Pathology; and World Languages (K-12).

MERIT-BASED PAY: A BRIEF OVERVIEW

Merit-based teacher compensation typically involves financially rewarding teacher performance. The scope of merit pay policy, which is sometimes referred to as pay-for-performance, has varied since the issue first became a part of education reform debates. Early merit pay laws rewarded teachers who earned high scores on tests and evaluations, and more recently policy makers are advocating plans to reward teachers based on their ability to improve student performance.

RESEARCH REVIEW: WHAT IT MEANS FOR STUDENT ACHIEVEMENT

Based on current research, it's unclear whether merit-based compensation will lead to improved student achievement. Early performance pay experiments quickly faded away and the programs were rarely evaluated for effectiveness.⁽¹²⁾ The emergence of better data systems is beginning to shed new light on performance pay and its potential to positively impact student achievement, although the effects are minimal.⁽¹³⁾ ⁽¹⁴⁾ A wide variance in the type of rewards offered makes it difficult to determine the policy components most conducive to effective merit pay systems. The lack of coherent research and policy guidance raises its own implications. Most notably, there is no way to determine whether performance pay is an effective way to invest limited financial resources.

ANALYSIS: WHAT IT MEANS FOR SOUTH DAKOTA

South Dakota school districts currently have the authority to offer merit-based compensation systems, though few school districts have moved in that direction. Some state-level policy initiatives and pilot programs have incorporated performance pay mechanisms, including:

- **National Board Certified Teachers:** In 2000, South Dakota passed a law to provide teachers up to \$20,000 as a reward for obtaining national certification, but funding has since been eliminated. The South Dakota Department of Education continues to promote the program as a way for teachers to increase professional growth.
- **Teacher Compensation Assistance Program:** In 2007, South Dakota created the teacher compensation assistance program. School districts could use funds from the program to reward teachers for working toward achieving district goals. The initiative was supposed to last five years, but was eliminated two years later.
- **Incentives Plus:** The small-scale, federally-funded program allowed 10 school districts to implement performance pay that was, in part, based on student achievement tests.

South Dakota school districts have limited experience with merit-based compensation systems, and there is no publicly available evaluation of whether the programs have been successful. Given the lack of available model programs, it's important to consider whether the district has the infrastructure and personnel to implement a system to reward teachers for performance on student assessments. In addition, concerns over inconsistent state education funding may cause school boards to question whether state-established performance pay initiatives can be sustained.

HOUSE BILL 1234

House Bill 1234 alters the way teachers and principals are evaluated, eliminates continuing contract and due process rights, and establishes both market-based and performance pay compensation policies. The major components of the plan are summarized below, followed by a section-by-section analysis of the proposed law.

- **Market-based Pay:** Provides a \$3,500 incentive for all middle and high school math teachers.
- **Performance Pay:** Provides a \$5,000 annual bonus that may only be awarded to a maximum of 20 percent of school staff.
- **Teacher Evaluation:** Requires all school districts to use uniform teaching standards and a state-mandated teacher evaluation instrument. Performance evaluations must be based on student performance on standardized tests, and districts are required to evaluate every teacher at least once a year.
- **Principal Evaluation:** Requires all school districts to use uniform professional standards for principals and a state-mandated evaluation instrument to evaluate principals every other year.
- **Elimination of Continuing Contract:** Eliminates continuing contract and due process rights for teachers that have not earned them as of July 1, 2012. For existing teachers, continuing contract and due process rights are eliminated following two consecutive unsatisfactory evaluations.

HOUSE BILL 1234 SECTION-BY-SECTION ANALYSIS		
	SECTION	DESCRIPTION
MARKET-BASED PAY FOR MATH AND SCIENCE TEACHERS	Section 1	Creates the Math and Science Teacher Incentive Program and charges the South Dakota Board of Education with developing the program through administrative rule. This section also grants the Board of Education authority to determine which courses qualify as math and science courses.
	Section 2	Establishes that local teachers – not local school districts – can opt to participate in the market-based pay program. Clarifies that the funds paid to teachers must be in addition to and cannot replace salary earned pursuant to a local contract or collective bargaining agreement. Clarifies that collective bargaining agreements cannot limit a teacher's ability to receive an award and that the proposal does not create a contractual right to earn bonuses distributed through the state program.
	Section 3	Requires teachers to apply to participate in the program and for school districts to process applications submitted by local teachers. Applications must be processed by October 1 for teachers to participate, and teachers must reapply each year. Also clarifies that the application is a public record.
	Section 4	Sets minimum eligibility requirements to qualify for the math and science bonuses. To qualify, teachers must: <ol style="list-style-type: none"> 1. Be assigned to teach math and science courses, or any combination of the two, for at least 51 percent of his or her time. 2. Be certified with a middle or high school endorsement to teach math or science.
	Section 5	Requires local school districts to submit all applications to participate in the program to the South Dakota Department of Education by March 1 of each year. Grants the education department authority to require additional data from the district to verify the teacher's eligibility.
	Section 6	Outlines the distribution of the financial incentives for math and science teachers. The law distributes \$3,980 per eligible teacher to school districts no later than May 1 of each year. Within 30 days, schools must distribute \$3,500 directly to teachers, with the remaining \$480 directed to be used to pay applicable federal taxes and state retirement contributions.
PERFORMANCE PAY FOR TEACHERS	Section 7	Creates the Top Teachers Reward Program, effective in the 2014-15 school year.
	Section 8	Establishes that local teachers – not local school districts – can opt to participate in the performance pay program. Clarifies that the funds paid to teachers must be in addition to and cannot replace salary earned pursuant to a local contract or collective bargaining agreement. Clarifies that collective bargaining agreements cannot limit a teacher's ability to receive an award and that the proposal does not create a contractual right to earn bonuses distributed through the state program.
	Section 9	Outlines that only 20 percent of a district's certified teachers may be eligible.
	Section 10	Establishes that districts will be distributed \$5,700 per eligible position (total number of certified teaching FTE multiplied by 0.2) in a lump sum payment.
	Section 11	Outlines the distribution performance incentives. The law dictates that teachers will receive \$5,000, with the remaining \$700 going to pay the applicable federal taxes and state retirement system contributions. Also says that any unspent money must be returned to the state within 30 days.
	Section 12	Requires teachers to apply for the program and for districts to process the applications and submit them to the state education department by Oct. 1 of each year. Requires teachers to apply each year. Clarifies that applications are public records.

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HOSUE BILL 1234 SECTION-BY-SECTION ANALYSIS		
	<u>SECTION</u>	<u>DESCRIPTION</u>
PERFORMANCE PAY (cont)	Section 13	Requires that a teacher must receive a "distinguished" rating (defined later) on a performance evaluation to be eligible for the award. Allows local school boards to determine additional eligibility criteria.
	Section 14	Requires school boards to determine who receives the award, but does not allow a school board to provide a state-paid bonus to more than 20 percent of the districts teaching staff.
	Section 15	Grants the state education department authority to seek additional criteria to verify the district followed eligibility criteria. If state officials determine the district did not comply with state law, the department can ask the district to return the funds.
	Section 16	Clarifies that a teacher can be awarded funds from both the market-based program for math and science teachers and the performance-pay program for all teachers.
STATE-MANDATED TEACHER EVALUATION	Section 17	Amends a recently passed law that allows school boards to develop their own teacher evaluation instrument and evaluation schedule, ending the flexibility following the 2013-14 school year.
	Section 18	Mandates that every teacher must be evaluated every year and requires districts to adopt a state-mandated evaluation instrument (defined later). Further mandates that all evaluations must be based on multiple measures of performance, including test scores. Mandates that 50 percent of the evaluation must be based on measures of student performance. Allows districts to use the limited state student assessments that are available, and requires local school districts to ensure that the district is capable of generating valid assessments for all teachers in all subject areas at all grade levels. Mandates that 50 percent of the evaluation be based on observable measures of quality teaching as defined in the mandated evaluation tool. This section also mandates that districts provide a plan of assistance for any teacher that doesn't perform up to district standards. Also creates a four-tiered rating system for teachers – distinguished, proficient, basic and unsatisfactory.
	Section 19	Establishes that the teacher evaluation system is effective for 2014-15 school year.
	Section 20	Stipulates that an existing state workgroup will develop the mandated four-tier rating system and a model evaluation instrument that will be mandated in 2014-15.
	Section 21	Grants the South Dakota Board of Education authority to develop administrative rules to define the four-tier rating system and model evaluation instrument.
	Section 22	States that the procedures for evaluation and the evaluation instrument cannot be collectively bargained with local teachers.
PRINCIPAL EVALUATION	Section 23	Grants the South Dakota Board of Education the authority to develop performance standards for principals, best-practices for principal evaluation, a four-tier rating system for principals and a mandated evaluation instrument for principals.
	Section 24	Mandates that school districts must evaluate principals at least every other year. Mandates that schools must adopt the model performance evaluation and procedures for evaluating principals. Also mandates school districts must adopt an evaluation process for principals similar to the process used for teachers.
	Section 25	Formulates a work group to give input on the mandated procedures, but gives the State Board of Education authority to adopt mandated standards and evaluation instruments.
	Section 26	Mandates training for all who will conduct principal evaluations.

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HOUSE BILL 1234 SECTION-BY-SECTION ANALYSIS		
	SECTION	DESCRIPTION
ELIMINATION OF CONTINUING CONTRACT	Section 27	Defines the term “tenured teacher” as anyone who is in or beyond their fourth consecutive term of employment prior to July 1, 2012. Says that teachers currently near the end of their probationary period are considered tenured teachers if they have signed their fourth contract by July 1, 2012. Also defines non-tenured teacher as a teacher that is not yet signed their fourth contract, and says teachers that have not signed at least their fourth consecutive contract by July 1, 2012, may not acquire continuing contract status.
	Section 28	Mandates that teachers may not sign multi-year contracts.
	Section 29	Strikes from current law the three-year probationary period for new teachers.
	Section 30	Clarifies that due process rights continue only for teachers that currently have continuing contract status. In effect, negates due process for teachers that have not and will not earn continuing contract status.
	Section 31	Strikes reference to current three-year probationary period for new teachers. Also grants school boards the authority to dismiss remaining continuing contract teachers following two consecutive unsatisfactory evaluations under the new mandated teacher evaluation system.
	Section 32	Updates legal references to laws changed elsewhere in the measure.
	Section 33	States that a collective bargaining agreement may not limit the district’s right to non-renew a teacher that earned continuing contract prior to the enactment of the law.
	Section 34	Makes it clear that, for the purposes of the bill, a school year means the school term as referenced in current state law.
	Section 35 to Section 41	Repeals all laws relating to the Teacher Compensation Assistance Program. The program allowed for market-based and performance-based pay for teachers, and was promised to be funded for five years. Funding was eliminated two years into the five-year commitment, and the relating legal code is being repealed.
To read the bill text: http://legis.state.sd.us/sessions/2012/Bill.aspx?Bill=1234		

This issue brief was prepared by Associated School Boards of South Dakota. Research reviews contain information from policy reviews prepared for The Center for Public Education, an initiative of the National School Boards Association. The Center for Public Education (www.centerforpubliceducation.org) provides thoughtful, practical policy advice on K-12 education policy issues.

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