

The M&M Effect-Assessing the Impact of Merit Pay on Teacher Motivation: National Implications

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ABSTRACT

Student achievement is a serious problem in American schools today. Academics are compromised when districts have difficulty attracting, retaining and rewarding highly qualified teachers. School districts must utilize innovative methods in motivating educators to stay in the profession. Teacher motivation is the key to academic success.

Introduction

Providing valued employees with incentives has long been an accepted and appreciated practice in the business world. Employees who are deemed to be highly effective are oftentimes given a bonus as recognition for a job well done. Over time, extrinsic reward can provide a means of motivation for an individual. The desired outcome is that an employee will look beyond the reward and take a vested interest in their job, thus providing increased value to the organization. Robert Holland cites the beginnings of merit or incentive pay as having been “born in England in 1710” (Holland, 2007, p. 5). Since then, numerous attempts have been made to create a fair way of evaluating and rewarding teachers in the United States. These attempts have been stagnated by political agenda, resistance by teacher unions and oftentimes administrators

and teachers alike. A sound and fair way of recognizing and determining teacher merit pay would be an effective tool in motivating, attracting and retaining good teachers.

Purpose of the Article

The purpose of this article is to discuss the current system of allocating merit pay to teachers in a large urban school district and discuss recommendations that may improve the system as it stands today. Ways to increase student achievement is a problem that needs to be addressed. Providing ways to attract, retain and encourage highly qualified teachers becomes the theoretical framework and justification for providing monetary incentives.

Definition of Terms

Merit Pay

According to Thomas I. Ellis,

“merit pay” is a generic term for any device that adjusts salaries or provides compensation to reward higher levels of performance. It comes in many different forms, including merit-based salary schedules, bonuses, incentive pay, and differential staffing or “master teacher” plans. Merit pay can be linked to a district’s regular single-salary schedule (teachers with high ratings advance up the scale more quickly), or it can be administered as a separate “merit pay schedule” (supplementing the regular salary). Participation by teachers can either be mandatory or voluntary. This term is often interchanged with performance and/or incentive pay. (1984, p. 1)

Value Added Assessment

Robert Holland (1984) defines value added assessment as “a way of analyzing student achievement data to guide instructional decision-making. Value-added analysis is a statistical method used to measure teachers’ and schools’ impact on students’ academic progress rates from year to year” (1984, p. 4).

Justification for a Merit Pay System

Education is becoming a global concept. In order for American youth to effectively compete with their counterparts in other countries, public education in the United States must improve. International assessments of the late 1980's and early 1990's have proven what many have known for a long time—American children seriously lag behind international students of equal age and grade in academics.

Since the “A Nation at Risk” report was first released to the public in 1983, public education had faced some harsh criticism and alarming realities; American education must improve or else serious repercussions would permeate in society. Since the release of this report, both Presidents Clinton and Bush have made education reform an important platform of their political agenda. States and ultimately local school districts have from that time grappled with ways of improving their educational systems.

As the economy rises, it is getting harder and harder for school systems to attract and retain qualified and effective teachers. On a whole, the educational system has not been given the same respect socially as other professional careers such as medicine or law. This apathy permeates among teachers who believe their profession is devalued. As a result, many teachers resign and seek opportunities in another career track.

There has been a frequent exodus of teachers. This has placed a strain on school districts throughout the nation. This exodus has made it more difficult to fill teaching vacancies. It is imperative that academic employers develop creative strategies in order to recruit, reward and retain effective educators.

According to Kathy Johnson, “Advocates contend that performance pay can meet the public’s demand for accountability, help attract and retain talented professionals in the classroom and motivate teachers to teach better” (Johnson, 2000, p. 1). Merit pay has become a popular tool in motivating teachers to remain in the profession.

Critics argue that merit or incentive pay can be counterproductive to the educational process, forcing teachers to be dishonest or selective in what and how they teach. They contend that “teaching to the test” becomes a popular mode of instruction. As a result, critics believe that a vast majority of students are not being taught how to think critically. Naysayers also feel that a merit pay system based on teacher performance is divisive and fosters a competitive climate amongst staff. This competition will lower campus and district morale among employees. Administrators and teachers alike feel that the method used to determine performance in the classroom is highly subjective. It is very difficult to create an all-encompassing set of criteria when different subjects and grade levels are involved.

Merit Pay Improves Student Achievement and Teacher Retention

In reality, many school districts have adopted some type of performance-based incentive. If implemented fairly, these reward programs are highly successful and have

been proven to boost productivity and morale. For example, in 2005, the Houston Independent School District decided to initiate an incentive-based award system for teachers. Despite making errors in allocation and failing to gain the input of educators in determining the criteria, the outcome has been favorable in the area of student achievement.

The improvement in the number of teachers staying on the job comes after HISD began a new performance-pay program that pays teachers thousands of dollars in bonuses for the strong academic improvement of children. Teachers in 2007 earned more than \$15 million in performance pay.

In 2005, 1,554 of HISD's approximately 12,500 teachers left the district. But in 2006, the number of teachers leaving the district plummeted nearly 19 percent, to 1,262.

The surge in teachers staying on the job was even more profound in the early career years. In the past HISD has battled to keep young teachers on the job. But in 2006, the number of teachers with zero to four years experience who left their jobs dropped dramatically, by 25 percent to 576 teachers. (See Table 1)

Table 1

Teachers leaving HISD drops sharply		
Year	All teachers leaving	New teachers leaving*
2005	1,554	773
2006	1,262	576
	Down 19%	Down 25%

** teachers with 0 to 4 years experience*

(Source: Houstonisd.org, 2007)

According to Table 1, teacher absenteeism also was down in 2005–2006 compared with the previous year. The new teacher-performance-pay program awards teachers bonuses for good attendance on the job. In the 2005–2006 school year, HISD reported to work a combined 43,861 more days than they did the previous year, and improvement of 2 percent (Houstonisd.org, 2007).

In addition, in early May, Houston ISD announced that in addition to scores in the district improving, the achievement gap between minorities was narrowing. They attributed these improvements to numerous factors, but most specifically to performance pay.

With such advantageous and surprising results, the Houston Independent School District is currently revamping the performance pay program, taking into account the mistakes that were made in the past. The Aspire Award program is the revised performance pay system. Unlike its predecessor, Aspire seeks to reward teachers based on individual and collaborative teaching. Teacher input has been an important component of this newly adopted system. In addition, by using Value Added Analysis

data will allow district personnel to determine teacher's performance in a more equitable manner. Those individuals who wish have been given the opportunity to drop out of the program with the understanding that they would give up the opportunity to a financial award. With the financial backing of the Broad Foundation, the district promises a bigger payout of incentive pay with the maximum payout for teachers of over \$7,300. It is anticipated, that as the merit pay improves in this local school district, student achievement as well as teacher retention will as well.

Concluding Remarks

In conclusion, the merit-based incentive program has the potential to be very successful in school districts nationwide. It is imperative that a federal definition as well as a common set of criteria be instituted so that confusion decreases and a common language of discourse ensues. The value added analysis approach is a detrimental component of evaluation in a successful incentive program (Katie, 2005). Further study is recommended to determine if the outcomes noted in the Houston Independent School District would occur in other districts around the country. It needs to be expressed that just as merit pay serves to motivate employees to increase financial capital in the business world, merit pay serves to motivate teachers to improve the human capital in the educational realm.

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