This paper examines the history of teacher compensation in the United States from the 1800s through the present. It examines the three major changes in the method of teacher pay: (1) the rural tradition of paying teachers room and board; (2) the move to a grade-based salary schedule; and (3) the shift to today's single salary schedule. It concludes with a look at more recent compensation-reform efforts, such as merit pay and career-ladder programs. The examination of the history of teacher pay shows how compensation systems have changed over time to meet changing organizational and societal needs. Although the predominant single-salary schedule is equitable, objective, and provides for predictable budgeting, it fails to hold teachers accountable for school-wide student performance. In light of changing social, economic, and educational needs, the time may be ripe for restructuring teacher compensation. Alternative compensation systems, which have worked well in the public and private sectors, include knowledge and skill-based pay, group-based performance awards, and gainsharing plans. (Contains 26 references and 48 notes.) (LMI)
February 3, 1995

HISTORY OF TEACHER PAY 
AND INCENTIVE REFORMS

Jean Protsik
Graduate Assistant
Consortium for Policy Research in Education
University of Wisconsin - Madison
1025 West Johnson Street, Room 792
Madison, WI 53706
(608) 265-6201

Presented at the CPRE Conference on Teacher Compensation, November 2-4, 1994, Washington, D.C.

The research reported in this article was supported by the Consortium for Policy Research in Education (CPRE) Finance Center (Grant No. OERI-R117-G10039), by the Pew Charitable Trust, and by the Wisconsin Center for Education Research, School of Education, University of Wisconsin - Madison. The opinions expressed in this article are those of the author and do not necessarily reflect the views of the U.S. Department of Education, Office of Educational Research and Improvement, the institutional partners of CPRE, or the Wisconsin Center for Education Research.
HISTORY OF TEACHER PAY AND INCENTIVE REFORMS

This paper examines the history of teacher compensation in the United States, beginning with the 1800’s and continuing on to the present day. It is largely a review and synthesis of the existing educational literature on teaching and compensation, with the aim of providing a more comprehensive view of teacher pay in light of changing social, economic, and educational needs over time.

Teacher pay in the U.S. is characterized by slow, gradual changes in structure. In fact, since the 1800’s, there have been only three major changes in the method of teacher pay: an initial rural tradition of paying teachers room and board, a move to a grade-based salary schedule, and finally the shift to today’s single salary schedule. Each method is examined in turn, with a concluding look at more recent compensation reform attempts, such as merit pay and career ladder programs.

This paper addresses the questions: How did the various pay systems meet the needs of the time? Why were new plans implemented when they were? What were the advantages and disadvantages of each system? The reader will notice the important roles issues of equity, accountability, and gender have played in structuring different teacher compensation systems. For
experiences can inform the process and help pave the road toward meeting the
educational needs of the future.

THE BOARDING 'ROUND SYSTEM OF THE 1800'S

The rural one-room schoolhouse was the American public school norm
throughout most of the nineteenth century. More than 77 percent of
Americans lived in rural areas in 1880, and the schools specifically catered to
this agricultural community. Rural schools were generally in session half as
many days as schools in the cities, and the calendar worked around demand
for children's labor on the farm. Even a short four-month school year was
typically divided into two or more sessions.\(^1\) It was not unusual for men to
work as teachers only in the winter, when they were free from farm work,
whereas women taught in the summer.\(^2\)

Teachers in the 1800's generally lacked professional training. Most
were quite young -- 77 percent of female teachers in southeastern Michigan in
1860 were between seventeen and twenty-four years old -- and few had more
than an elementary education themselves.\(^3\) Job requirements instead focused
on basic knowledge of the 3Rs (reading, writing, and arithmetic), and
possession of "certified moral character" and a middle-class appearance.\(^4\) For
women, a job in teaching acted as a transition from the parents' home to the
husband's home. Teaching was rarely considered a career; in fact, once married, most areas prohibited women from working in the classroom. Likewise, men frequently taught only as a supplementary source of income to farming. Therefore, there was little incentive to invest time and money in professional training.

Teachers in the 1800's were hired directly by trustees on the local boards of education. Most teachers were locals, selected from among the trustees' own relatives as a way to recoup the family's taxes. Although money wages were typically low, teachers frequently "boarded 'round" at the homes of their pupils' parents. Each week, the teacher would move into another student's house and be provided room and board as part of their pay. In 1862, sixty-eight percent of teachers in Vermont boarded 'round.

The boarding 'round method of compensating teachers had definite advantages. The local community's primary concern was that their teacher be an example of high moral standards to the children, rather than they be academically talented. By providing room and board to teachers, the community had constant supervision over their comings and goings, which was particularly important if the teacher was new to the area. Considering most teachers lacked formal training, the boarding 'round system acted as one source of teacher accountability to the community. The prevailing notion of
teacher skill at this time focused on discipline and moral instruction, and the compensation scheme gave the community one way to gauge the quality of the teacher.

This common method of paying rural teachers, unfortunately, compounded the already troubling problem of instability in the teaching ranks. In the 1850’s, the average female teacher’s career lasted a mere eighteen months in Wisconsin. While the profession lost female teachers to marriage, male teachers were particularly sensitive to working conditions because they had alternative and often better paying opportunities. The difficulty of moving from house to house each week and opening up their private lives to public scrutiny certainly drove some men to other jobs. However, in the end, the boarding ‘round pay system petered out under the forces of demographic change and education reformers’ will.

THE DIFFERENTIATED SALARY SCHEDULES OF THE LATE 1800’S AND EARLY 1900’S

The gradual shift in the United States from an agrarian to a more urban, industrial economy necessitated major changes in the nation’s schools. According to Tyack, the rural schools’ problems included the haphazard selection and supervision of teachers, the overly "bookish" curriculum,
voluntary school attendance, and a lack of standardized teaching materials and school equipment. Furthermore, the number of children attending schools rose, as fewer worked on the farms. Historian Ellwood Cubberley wrote in 1914 that "the rural school is ... controlled largely by rural people, who, too often, do not realize either their own needs or the possibilities of rural education." Education reformers at the time believed schools were failing to sustain the yeoman tradition in the face of urbanization and industrialization. The solution was for education professionals to take over the schools.10

In the 1890's, the National Education Association Committee of Twelve on Rural Schools proposed a variety of cures for the rural schools' ailments. One cure was the consolidation of schools into larger districts, to be run by the "expert supervision" of county superintendents. Consolidation, reformers claimed, would produce larger and thus more efficient schools.11 The education professionals could more successfully standardize equipment and textbooks across a broader geographic area, and more easily supervise teachers.

One consequence of this reform movement was the gradual decline in the number of one-room schoolhouses, and the resulting expansion of graded schools. For the first time, students were placed by age and ability into classrooms with a more rigid curriculum. The highly bureaucratic, graded...
schools were typically supervised by male principals and superintendents. At this same time, new laws lengthened the school year and began requiring teachers either be certified by passing a county examination or attend teachers' institutes. The direct costs of certification to teachers were thought to be prohibitive; in 1902, rural teachers in Wisconsin estimated these expenses to be one month's salary. While women still found the level of teacher pay attractive even with these added costs, white men could no longer afford to teach seasonally as a secondary occupation. The end result then, was a hierarchical, graded school system with an almost exclusively female teaching force and a male-dominated administration.

A concurrent shift in the compensation scheme arrived with the establishment of graded schools. While some individual teacher bargaining with school board members still occurred, it became more common for cities to establish salary schedules for teacher pay. Many states adopted a minimum salary level below which no teacher could be paid, in an attempt to address the problem of high teacher turnover. Individual cities, meanwhile, set position-based salary schedules (also called differentiated salary schedules) for men and women, and for whites and blacks. Teachers were paid based on their years of experience, gender, race, and the grade level that they taught. School administrators could also factor a subjective measure of merit into the
teachers' salaries. For example, in Boston, salaried pay in 1876 for male grammar school teachers ranged from $1700 to $3200; pay for female grammar school teachers ranged from $600 to $1200. High school teachers were paid more: men earned $1700 to $4000; women earned $1000 to $2000. The ranges were set based on the grade level a teacher taught, and where the teachers fell within that range reflected years of experience and the administrators' assessment of their merit.

This graded compensation schedule had its distinct advantages. For the first time, teachers across a city received a fairly uniform level of pay, contributing in one sense to a higher level of equity within the profession. This salary schedule also recognized the fact that secondary school teachers typically had more years of formal educational training, and could command higher pay rates in other fields. Furthermore, the growing number of professional school administrators increased the costs of public education. The ability to pay the mostly female teaching force less was one effective way a district could keep costs under control. Finally, the state-set minimum salary level may have impacted the high teacher turnover rates; the average city school teacher now remained for almost a decade.

Despite these advantages, the graded pay schedule was overtly sexist and racist. The mostly female elementary school teaching force was paid less
than the largely male high school teaching force, and black teachers at either level were paid less than white teachers. Even the Massachusetts Board of Education admitted in 1893 that women’s wages, when compared to men’s, "are so low as to make it humiliating to report the two in connection." This led to resentment and a sense of inequality among teachers. Many felt that teaching was teaching, regardless of the grade level taught, and they should be paid for the job. It was this exploitation of female and black teachers that led to the slow demise of the differentiated salary schedule. An increasingly assertive female workforce demanded higher salaries under the principle "equal pay for equal work," eventually leading schools toward today’s single salary schedule.

THE SINGLE SALARY SCHEDULE

Margaret Haley, organizer of the Chicago Teachers’ Federation (CTF), was one of the leaders in the women’s movement for higher and more equitable teachers’ salaries. The CTF was formed in 1897 for the purpose of raising "the standard of the teaching profession by securing for teachers conditions essential to the best professional service." Haley’s success in using the CTF to battle the city of Chicago for raises, a sound pension system, and better working conditions inspired women teachers across the nation to
organize. The Interborough Association of Women Teachers (IAWT) in New York successfully lobbied the state for a 1911 law requiring equal pay for equal work in teaching. By 1925, 80 percent of women in the nation’s largest cities had won equality.²²

In 1921, Denver and Des Moines became the first cities to introduce the single salary schedule to teachers.²³ This compensation system was so named because all classroom teachers in the city were paid on the same scale, regardless of gender, race, grade level taught, or family status of the teacher.²⁴ Pay level was determined solely by a teacher’s years of experience and level of academic preparation. When a 1944 National Education Association report stated that any existing measures of teacher merit used to determine pay under the grade-based salary schedule were unreliable, cities rapidly responded by following Denver and Des Moines’ lead. By 1950, 97 percent of all schools had adopted the single salary schedule.²⁵

The single salary schedule operates as a matrix structure of dollar amounts in columns and rows. The columns, also called "scales" or "lanes," represent teachers’ level of educational attainment, such as bachelor’s degree, master’s degree, master’s degree plus 30 additional college units, and doctor’s degree. The rows, frequently called "steps," represent years of teaching experience. Any individual teacher’s salary, then, is determined by locating
the cell on the schedule that corresponds to their education level and years of teaching experience. Pay raises occur at predictable intervals, as the teacher advances within the matrix by gaining experience and/or by furthering his or her education.\textsuperscript{26}

The fact that the single salary schedule has remained the primary method of paying teachers for so long testifies to its advantages. When first implemented, the single salary schedule addressed two important teacher needs: equity and objectivity. Teachers were finally paid simply for teaching, not for the level they taught. The salary schedule was accessible, giving all teachers an equal chance to earn a pay raise under the same rules. The education component of the single salary schedule successfully encouraged greater numbers of teachers to attend and complete college. Additionally, salary increases were no longer partially based on what teachers viewed as arbitrary administrative assessments of their merit. This profoundly changed the nature of the working relationship between teachers and their supervisors. In effect, the single salary schedule helped to eliminate administrative control over teachers work, giving teachers greater autonomy in the classroom.\textsuperscript{27}

In addition to addressing concerns of equity and objectivity, the single salary schedule maintains the distinct advantage of being one of the easiest to
administer pay schemes for teachers. According to Lipsky and Bacharach, school districts can accurately budget funds because the salary schedule promotes certainty and predictability of annual salary costs. Administrators have years of experience with its mechanics and operation, making it inexpensive and easy to maintain. Furthermore, the single salary schedule is most consistent with the teacher unions' duty to fairly represent all teachers during bargaining. It is a simpler plan to negotiate than others, minimizing potential conflicts between school districts and unions.28

The single salary schedule does have its problems. Any compensation scheme implicitly sends a message to teachers about desired professional behavior through its reward system. With the single salary schedule, teachers are encouraged to continue taking more and more graduate-level college courses, which are often not directly related to their teaching assignments, in order to move to the right on the schedule.29 Indeed, in states where teachers must update their licenses by taking additional courses, the salary increase received by moving to the right on the schedule may simply cover their education expenses. However, there is little evidence that any graduate education per se improves classroom teaching. There is evidence that experience is related to teaching effectiveness, but the relationship is strong only for the first few years of teaching.30 The single salary schedule, then,
fails to provide teachers with incentives for improvement of their skills in the classroom. In interviews conducted by Hart and Murphy of teachers with less than five years of experience in the classroom, only low-ability teachers (as measured by undergraduate GPA and principal ratings) believed they could make successful career progress under the single salary schedule system.\textsuperscript{31}

Perhaps the most common criticism of the single salary schedule is that it treats teachers with the same education level and experience as equals, despite unequal performance and skills.\textsuperscript{32} As far back as 1867, the superintendent of the Adams County, Pennsylvania schools, Aaron Sheeley, claimed that paying all teachers the same wages "offers a premium to mediocrity, if not to positive ignorance and incompetency. Inducements should always be held out to teachers to duly qualify themselves for their work."\textsuperscript{33} It was this type of criticism that led to the popularity of the many performance-based compensation schemes tried in the 1980's, such as merit pay and career ladder programs.

ALTERNATIVE COMPENSATION SCHEMES

The 1983 \textit{A Nation at Risk} report recommended teacher salaries be "professionally competitive, market-sensitive, and performance-based."\textsuperscript{34} The goal of performance-based pay systems is to more directly tie pay to classroom
skill, since the single salary schedule solely rewards experience and education. The more direct the link between pay and performance, the greater the level of accountability teachers have to both educational administrators and the public at large. Districts and states across the nation responded to A Nation at Risk with a flurry of activity by establishing merit pay, career ladders, and other incentive pay programs for teachers, most of which were unsuccessful. Of course, the 1980's were not the first time these types of programs had been tried. The first known merit pay plan was attempted in 1908 in Newton, Massachusetts. The differentiated salary schedules of the early 1900's contained a merit component. Yet the 1980's were the first period where there was a national call for improving teacher performance through monetary incentives. President Reagan led the way, making merit pay one of his "bully pulpit" issues.

A wide variety of merit pay programs have been tried in districts across the nation, meeting with great publicity and varying success. Merit pay plans award teachers pay bonuses for excellent classroom performance, usually determined by supervisor and peer review. One district plan that typifies the ups and downs associated with merit pay is in Fairfax County Public School District, Virginia. Adopted in 1987, the plan was fully implemented in the district's 165 schools by the 1989-90 school year. Bonuses equal to nine
percent of salaries were awarded each year for four years to teachers deemed "skillful" or "exemplary." The plan was suspended in 1992 due to budget cuts, then restored to a scaled-down version in 1994. While there is public support for the plan, the two major local teacher organizations believe the plan is too costly, and that it undermines teacher collegiality by creating a competitive work environment. These criticisms are not unlike those of other merit pay plans across the nation. According to a 1979 Educational Research Service study, most merit pay plans are discontinued within six years, largely due to problems of administration and personnel, collective bargaining, and budgetary shortfalls, a conclusion also reached by Murnane and Cohen.

Another type of incentive pay plan implemented in the 1980's was career ladder programs. A typical career ladder classifies a teacher as a "novice," "apprentice," "professional," or "master" teacher based on peer and supervisor performance evaluations. Teachers then receive pay raises via promotion from one rung of the ladder to another, for example, "apprentice" to "professional" teacher. Teachers on higher rungs typically have more school responsibilities, such as curriculum planning and mentor teaching. Career ladders, then, address the issue of teaching being a flatly-organized profession. Whereas promotional opportunities with the single salary schedule only were achieved by leaving teaching for administrative work, now teachers...
could be promoted within the teaching profession, leading to higher pay and more responsibility.

Currently, four states fund career ladder programs: Arizona, Missouri, Tennessee, and Utah. Evaluation of these show mixed results. In Arizona, students taught by teachers in the career ladder program showed increased achievement, lower dropout rates, and increased graduation rates." These improvements are especially great in districts where the career ladder program focused on developing and improving teachers’ classroom skills. Despite these positive results, the state has failed to provide consistent funding for the program. The career ladder plan in Utah has also met with state funding problems, along with some teacher opposition. The highly decentralized Utah program allows districts to design their own plans. According to Timar, some districts responded by making genuine organizational changes focused on teacher improvement, while other districts simply complied with the minimum letter of the law, and gave teachers across-the-board raises without regard to performance.

In addition to merit pay and career ladder programs, other incentive plans have been implemented in recent years. For example, extended contracts of one to two months have been offered to teachers deemed excellent in Cherry Creek, Colorado and Weber, Utah, allowing teachers to work on
developing an improved curriculum or inservice programs. The California legislature developed the Teacher Shortage Loan Assumption Program, offering up to $8000 for repayment of student loans for teachers who agree to teach certain subjects or in certain shortage areas. Higher starting salaries were offered to some teachers in Michigan and North Carolina, to attract more people to the profession and reduce the rate of teacher turnover. Murnane et al. found that teachers who received $2000 more per year than the state average in Michigan and North Carolina were half as likely to quit teaching after one year than those who received $2000 less per year than the state average.

Overall, in a study of 18 school district programs since 1983, Hatry, Greiner, and Ashford found that most school districts which implemented incentive plans for teachers were unsuccessful in creating lasting and effective programs. Some districts reported positive effects such as reduced teacher turnover and absenteeism. Most districts, however, cited significant teacher morale problems stemming from competition, unfair evaluation practices, and the use of quotas in determining the number of teachers to receive awards. Programs were also costly (when funding was stable), and were difficult to administer.
CONCLUSION

The failure to implement successful incentive pay programs in the 1980's has left the single salary schedule in place in most districts across the nation. This compensation scheme does have its advantages: it treats teachers across grade levels equitably; it objectively uses education and experience to determine pay; and it provides for predictable budgeting for school district administrators. Yet the single salary schedule fails to hold teachers accountable for school-wide student performance. While the many performance-based pay plans tried in the 1980's did address this need to increase accountability within the teaching profession, teachers were not convinced that these plans treated them equitably. Even worse, these incentive programs also failed, for the most part, to improve student achievement.

The history of teacher pay demonstrates how compensation systems have changed over time to meet newly developed needs, such as addressing high teacher turnover rates, and meeting the women's movement call for equal pay. Has the current teacher compensation system reached yet another crossroads? Despite the apparent stronghold the single salary schedule has in education, the systemic reforms taking shape today may require further tinkering with teacher compensation. The single salary schedule does not provide sufficient incentives for teachers to expand skills needed to work with
the new high standards curriculum, or to successfully work in decentralized, site-based managed schools. Furthermore, the single salary schedule does not motivate schools to effectively stretch their limited resources to produce the greatest learning results possible. There are alternative compensation systems to the single salary schedule that have not yet been tried in education, but have worked remarkably well in both the public and private sectors. These alternatives include knowledge and skills-based pay, group-based performance awards, and gainsharing plans. While it is likely there is no one compensation panacea to cure all of education's ailments, examining how teachers can more effectively be paid is one important step in the right direction toward improving schools to meet tomorrow's needs.
NOTES


20. Ibid., 59.


22. Ibid., 259-267.


36. Ibid., 7.


REFERENCES


