First Steps:
What School Systems Can Do Right Now to Improve Teacher Compensation and Career Path

By Stephen Frank, Karen Baroody, and Jeff Gordon

Part of a series of ERS publications on teacher compensation, this paper explores the steps districts can take now for sustained impact on teacher effectiveness.

The Moment
Across the country, school districts are struggling to improve student performance on flat or declining budgets. While school improvement methods are as varied as the towns and cities where they take place, district leaders increasingly agree that the road to improved student outcomes must pass through improved instruction. With many states implementing new teacher evaluation systems, and the impending arrival of Common Core standards that will put pressure on an already stressed teaching force, districts are trying to adapt their human capital strategies to develop and retain teachers for the 21st century. One of the most potentially catalytic elements of any human capital strategy is teacher compensation and career path.

Many districts are understandably cautious about implementing large changes, such as redesigning the step-and-lane system that has existed for decades. New evaluation systems must be implemented and vetted before they are linked to compensation, and it is challenging to find common ground among administration, teachers, and unions on the best approach. But most districts face critical student performance challenges and budgetary constraints now—and need to improve in the short term even as they lay the foundations for broader change in the future.

First Steps
In this paper, we outline a series of actions that districts can take to start moving toward a future vision of the teaching job. These First Steps shouldn't replace the larger work of overhauling the system, but they allow districts to have short-term impact while advancing toward the ultimate goal. We define First Steps as actions which:

- Have a positive impact on student outcomes
- Can be implemented within a year
- Can be implemented within existing collective bargaining agreements or are likely to have broad support
• Require little or no new investment, or are budget neutral when implemented in combination
• Build toward a new vision of a teacher compensation and career path system that can attract, retain, and leverage the skills of a highly effective teaching force

Though these First Steps described below are numbered, they do not need to be taken in order. In addition to describing each strategy, we estimate how much each action might cost to implement (or save if implemented). We have also used existing research that links improvements in teaching effectiveness to improvements in student performance to estimate how much student outcomes might improve relative to cost. In other papers in the series we take the long view, and outline a comprehensive approach to compensation and career path reform that will help attract, develop, retain, and reward a high-quality teaching force.

**FIRST STEPS**

1. Ask your strong performers to take on more responsibility—and reward them for their impact.

We know that teaching quality is the most important in-school factor for student learning. The strongest teachers in a district provide a valuable starting point for driving improvement. Even in districts where evaluation systems don’t do a very good job of differentiating among teachers, research indicates that principals can reliably identify their best and worst teachers. There are a number of ways that these teachers can impact student learning right now.

• **Match the best teachers with the highest-need students.** This may sound like common sense, but in most districts and schools with which ERS has worked, the best teachers do not teach at the highest-need schools, and within schools the best teachers do not teach the highest-need grades, subjects, or students. For example, in high schools the best teachers often teach 11th and 12th grade advanced classes instead of teaching math to 9th graders who come in a year or more behind. Some schools and districts may be able to simply reassign teachers to these schools or classes. Others may not. In either case, results will be better if teachers move voluntarily. How can district and school leaders persuade the best teachers to take on these tougher assignments? Financial incentives may be necessary, especially to move to higher-need schools. But non-financial incentives are also important and in some cases can be enough. Teachers cite the principal as the most important factor in choosing a school, so moving a high-performing principal to a high-need, low-performing school is a good first step. Teachers also may be more willing to move to a problem school if they move with a group of other high performers. Within a school, teachers might be enticed by fewer preps or smaller class sizes (see sidebar next page).

Additionally, districts should not underestimate the power of appreciation and recognition in rewarding teachers for expanded leadership responsibility. Unfortunately, two-thirds of top teachers currently report that no supervisor even encourages them to return for the following
school year. High-performing teachers, who generally entered the profession because they want to help students learn, may respond quite willingly if a supervisor asks them to use their outstanding abilities where they are needed the most.

• **Expand the reach of the best teachers.** A district can maximize the impact of its effective teachers through two basic strategies: either directly, by actually teaching more students; or indirectly, by supporting other classrooms through leadership roles. Public Impact’s Opportunity Culture initiative has developed a host of resources to help district and school leaders identify and implement the strategies that make the most sense for their situation. We highlight just a few examples here.

**Directly:** By selectively assigning larger classes, schools can increase the proportion of students taught by effective and highly effective teachers. As Public Impact writes, “The opportunity to reach more students in a larger class is a privilege for the best teachers, and it comes with higher pay.” Of course, not all teachers may be able to maintain the same high level of effectiveness with a larger class or while surrendering a planning period to teach an extra class. For these reasons, class-size expansion may work best as an opt-in strategy for those teachers attracted to the opportunity. It is important that teaching more or larger classes for more pay is clearly linked to teaching effectiveness, and does not become a perk that accrues based upon experience.

**Indirectly:** While some teachers’ abilities enable them to teach more students, other teachers can best exercise their skills by coaching and mentoring their colleagues. Rather than shift excellent teachers out of the classroom and into coaching roles, schools can extend teacher reach by

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**How Strategic School Design Can Improve Teacher Effectiveness**

Pairing thoughtful teacher assignment with school design modifications (such as changes in scheduling or class size) can help make it more attractive—and more “doable”—to teach the highest-need students, while also providing additional time and attention to those students. For example, we often find that basic math and ELA classes are among the largest in a school, while electives and more advanced courses tend to be smaller. Innovative schools are having success by significantly lowering class size for certain high priority core classes (e.g., 9th grade Algebra 1) and letting non-core or advanced class sizes float higher. This not only gives the students in these courses more attention, it also makes it more attractive for teachers to take on these tough assignments. Another option might be to double-block ELA or math for low-performing students. This extends the time that students have for that subject while reducing the number of different students the affected teachers instruct (i.e., their teacher load). Depending on how it is implemented, this strategy can cut teacher load by as much as 40% and teacher preps by one or two. By offering fewer preps to some teachers and smaller classes to others, a school could satisfy each teacher’s preferences while organizing class enrollment for student success.
establishing coaching responsibilities that exist within and outside of the regular teacher day. This strategy particularly makes sense when teaching expertise is spread widely across a teaching force rather than narrowly concentrated in a few individuals. If full-time coaching positions already exist in the district, this strategy could potentially be implemented in a cost-neutral way, by eliminating full-time coaching positions and instead spreading out those dollars as stipends across several part-time teacher leaders. For example, a full-time coach making $80,000 will cost the district approximately $100,000 including benefits. The district could replace this position with 10 teacher leaders, each making $10,000 more, who take on additional coaching and mentoring responsibilities; or it could provide five teacher leaders with $5,000 each and an extra period of release time, filling in that time with a full-time teacher at a salary of $60,000 ($75,000 including benefits). If a district has already implemented a compensation system that offers rewards for student performance, it could even evaluate “multi-classroom leadership” by holding the teacher leader partially or fully responsible for the success of all students on the team. In this case it may make sense to separate the teacher’s evaluation as a teacher leader from his or her evaluation as an instructor so that there is no downside to taking on responsibility for other teachers.

Finally, if a district is concerned about translating the Common Core standards into relevant classroom tools, it might offer stipends to its best teachers to develop Common Core-aligned curricula and train other teachers on it.

As noted below, compensation is just one factor in enticing teachers to take on additional responsibilities. The entire value proposition should always be considered—including specific job characteristics, additional release time or extended working hours, and public recognition. Each district should follow its own strategic priorities to determine the specific ways it extends the reach of effective and highly effective teachers. But the fact is that the best teachers are exactly the ones who should have the opportunity to face instructional challenges—and be compensated for it.

Compensation Reform that Doesn’t Produce Long-Term Results

In trying to move toward a new vision of teacher compensation and career path, a few districts have instituted one-time, performance-based bonuses based on a narrowly based definition of student performance (often high stakes test scores). This strategy—essentially rewarding a small group of teachers for doing the same job they are already doing—has not been shown to improve student performance reliably. We therefore do not consider these one-time bonuses to be a viable First Step strategy. Instead of attempting one-time performance bonuses, we believe districts would do better to create opportunities for high performers to increase their compensation through increased contribution as part of a comprehensive compensation and career path redesign.
FIRST STEPS 2. Address the challenge posed by low-performing teachers.

In any district, a percentage of teachers are less effective than we need them to be, but that ineffectiveness is not always absolute, permanent, or inevitable. There are a variety of things districts and schools can do to address the challenges posed by these teachers, even when districts have not yet implemented a nuanced evaluation system.

• **Help underperforming teachers succeed.** All teachers deserve effective support. However, efforts to help underperforming teachers often fail because districts do not invest sufficiently to address each teacher’s core problems, offering only feedback on weak areas and maybe a few hours of support per week. By creating simplified roles or providing very intensive remediation opportunities (i.e., removing such teachers from the classroom or pairing them with high-performing coaches for part of the day), districts can more effectively develop their struggling teachers and shift students immediately to more effective ones. Because this is a relatively intensive and expensive intervention, it is critical that district and school leaders lay out specific performance improvement objectives and explicitly limit the time of the intervention. If no improvement is seen during the intervention period, districts should set those teachers on a quick path to exit.

• **Eliminate raises for teachers rated unsatisfactory.** Districts may be able to negotiate for this provision relatively easily, if it is not already part of the collective bargaining agreement. In most districts the number of teachers in this category is low, and the performance of those teachers is clearly problematic. Districts and unions that have taken on broader compensation and career path reform—notably the D.C. Public Schools and Newark Public Schools—have included this as a critical element of their plans.

• **Manage out the lowest performers.** Even in districts where the dismissal process is onerous, there may be opportunities to manage out at least a subset of the most problematic performers. One place to look is at absence and tardiness data. In two districts with which we worked, we found that 2% and 7% of teachers, respectively, had been absent more than 30 days in the prior year—more than double the number of absences their students were afforded. While some of these teachers had real health or family issues to deal with, others were simply unengaged. The thoughtful identification and removal of such egregious or habitual offenders is likely to be positively received by other teachers, and may therefore be relatively easy to accomplish, even in strong union districts. While managing out such a small number of teachers may not have a large short-term impact on student performance, it sends a message to the teaching force that expectations are changing, and can help set the stage for broader efforts in the future.
• **Do not grant tenure to underperformers.** Research shows that many districts grant tenure to virtually all teachers who stay through their probationary period. While it is true that principals do manage out certain underperformers during the probationary period, experience suggests that existing practices remove only a fraction of ineffective or less effective teachers. To reduce the awarding of tenure to underperformers, some districts are starting to require that principals interview new applicants as part of the tenure consideration process. If the tenure candidate is in the bottom performance quartile, there is up to an 80% chance that a new candidate will be more effective than the existing teacher.

Combined, these three strategies may only impact a small percentage of teachers. But this can still be an important first step. First, assuming that the district can replace the teachers that leave with a teacher of average quality, the students who are impacted will experience on average a much higher quality of instruction. Because low-performing teachers are often teaching at the highest-need schools, this will disproportionately impact higher-need students. Second, it sends a message that poor performance will not be tolerated, which will likely increase voluntary attrition of teachers who know they are not cutting it. After D.C. Public Schools instituted a policy of no raises and dismissal of the lowest performers, there was also a sizeable increase in the voluntary attrition amongst these lowest-performing teachers. Finally, if the lowest-performing teachers are on average more senior than their replacements, this shift will free resources that can be used to reward high-performing teachers for taking high-need positions or extending their reach, as described in item #1.

**FIRST STEPS**

3. More tightly link what you are paying with why you are paying it.

Even while working on major changes that more closely link career and compensation structures to teacher contribution, districts can take small steps to more tightly link pay increases to their intended purpose.

• **Link COLA increases to actual cost of living.** This has not been a prominent issue recently, as many cost of living adjustments (COLA) were frozen during the recession. Previously, however, COLA percentages were regularly included in contracts applicable to everyone, every year, *in addition to* automatic step increases based on years of experience. Many teachers received double raises—a step increase that could be as high as four or five percent and then a COLA of 2-3% on top of that. In addition, these COLA increases were often agreed to up front, included in collective bargaining agreements or compensation structures and implemented regardless of what actually happened to the cost of living. This meant that in times of low inflation, districts overpaid for cost of living, while in times of increasing inflation teachers were disadvantaged. As the economy recovers and funding begins to be reinstated, districts can take the opportunity to change how cost of living increases are implemented.

For example, for districts that are moving away from annual steps toward a career-level compensation system, it may make sense to keep an annual cost of living adjustment as a
way for teachers to maintain their real income between career advancement opportunities. Meanwhile, districts that maintain a step-and-lane system (which awards raises to all teachers every year) might consider moving toward less frequent COLA adjustments as an alternative way to minimize the amount teachers earn solely based on experience while maintaining competitive compensation levels. In all cases, cost of living increases should be tied to actual increases in the cost of living based on objective and agreed upon measures.

• **More closely monitor which coursework counts toward lane progression.** There is no demonstrated correlation between educational attainment beyond a bachelor’s degree and teaching effectiveness (except for a small impact in high school math and science from subject-based degrees). Yet most teacher salary schedules provide “lane” increments for educational attainment. In many districts, there is little attention paid to determining the rigor or relevance of courses teachers are taking. A full compensation reform may consider eliminating or greatly reducing the dollars that accrue for education. Meanwhile, districts can at least ensure that teachers are taking courses from a high quality provider and that coursework has direct relevance to what they are doing in the classroom. This could improve instruction and free resources to invest in other areas.

**FIRST STEPS**

4. **Invest more in teacher recruiting and hiring.**

Different districts and teacher recruitment organizations have diverse theories about the qualities most indicative of great teaching potential; among them are student-teaching experience, pedagogical coursework, demonstrated leadership, overall academic excellence, and proficiency in a particular subject area. But whatever their human capital theory, districts tend to spend surprisingly little time and money recruiting the best candidates. Yet it turns out that a small increase in spending here can pay big returns in better quality teachers who stay longer and are a better fit for district needs.

• **Invest more in recruiting.** In a profession where success is all about people, recruiting should be a major priority. Unfortunately, most large school districts don’t treat it that way. In the districts we work with, we’ve seen recruiting budgets that range from as little as .02% of the total operating budget up to a still-paltry .25%. Expressed differently, districts tend to spend $500–$3,000 per new teacher hired—this for what can easily become a multi-million dollar investment (including salary, benefits, and professional development) over the decades to follow. Because current spending is so low, if increasing recruiting expenditures yields even a marginal improvement in applicant quality, the additional investment would generate academic gains that far outweigh the cost. This means that districts can afford to recruit at universities where the cost-per-applicant may be higher so long as the expected quality is higher as well. Districts can also work to ensure that all teaching positions are listed well before the summer, when most potential
applicants begin to search. Of course, some districts may have already tapped the local college pipeline to its depths. In those cases, alternative pathways to teaching, such as Teach for America and TeachPlus, can offer high-quality applicants from outside the traditional hiring pool.

- **Improve identification and selection.** Districts can also work to improve the quality of applicants they select from the pool. By doing more to screen resumes and gather additional pieces of information (such as teaching demonstrations) from applicants, they can build a more robust set of information to help schools select the top applicants. They can also do more over time to track the quality of applicants back to sources. Over time, they can increase recruitment efforts at institutions with the highest quality candidates and curtail or eliminate hiring from lower quality programs.

**The Cost of Reform**

In an environment of tight budgets, district leaders need to make the most out of every dollar. Some of the First Steps we describe above can be implemented in a cost-neutral way; others actually save money, and some will require additional investment. When we quantify the estimated cost of each action, and then use existing research that ties teaching effectiveness to student outcomes, three categories of actions emerge:

- **“Infinite” Return Actions:** These actions improve student learning and either cost nothing or generate savings.
- **High Return Actions:** These actions require some investment, but also have a significant impact on student learning
- **Hard to Quantify Actions:** These actions should be expected to improve student learning, but it is difficult to quantify either their cost or their impact on student learning because research is limited or because more information is needed about specifically how the action would be implemented

For example, paying top teachers more to take on additional responsibility has a “high return;” reassigning teachers within or across schools has a positive impact on the students who receive the higher-performing teachers, but it is not clear whether it has a positive return for the system as a whole, or that it will lead to sustained growth in student achievement unless the low-performing teachers are managed out, so it is categorized as “hard to quantify.” To categorize the First Steps, we performed a quantitative analysis of each option, using the budget data from a fictional example district, and real student effect data from a study of teacher effectiveness in Fulton County, Georgia. We then calculated the effect on the district for 20 years to come.\(^8\)

The table on page 9 categorizes the First Steps into these three groups, provides a brief description of how we assumed it would be implemented, and the estimated annual cost or savings level. For comparison, we also analyzed the return-on-investment of a strategy that has gained a lot of traction in school districts recently: performance bonuses. Our analysis found that this strategy is
<table>
<thead>
<tr>
<th>Which Step?</th>
<th>Action</th>
<th>How we assumed it was implemented</th>
<th>What drives the improvement?</th>
<th>Investment level</th>
</tr>
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<tbody>
<tr>
<td><strong>“Infinite Return” Actions</strong></td>
<td></td>
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<tr>
<td><strong>STEP 1: Strong performers</strong></td>
<td>Give strong teachers an additional class</td>
<td>5% of teachers overall (all in top 20% of performers) agree to teach an additional class</td>
<td>More students receive instruction from best teachers</td>
<td>Savings</td>
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<tr>
<td><strong>STEP 1: Strong performers</strong></td>
<td>Replace coaching positions with teacher leader roles</td>
<td>Eliminate coaching positions and replace each with 5 teacher leader positions (all in top quartile) at $10K stipend</td>
<td>Other teachers improve with leadership and coaching</td>
<td>Savings</td>
</tr>
<tr>
<td><strong>STEP 2: Low performers</strong></td>
<td>Eliminate raises for unsatisfactory teachers</td>
<td>Flat salary for 5-6% of teachers, resulting in an increase in voluntary attrition</td>
<td>Fewer low-performing teachers</td>
<td>Savings</td>
</tr>
<tr>
<td><strong>STEP 2: Low performers</strong></td>
<td>Manage out lowest performers</td>
<td>Manage out lowest 2-3% and replace with average quality teacher, 5 years less senior</td>
<td>Fewer low-performing teachers</td>
<td>Savings</td>
</tr>
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<td><strong>STEP 2: Low performers</strong></td>
<td>Do not grant tenure to low performers</td>
<td>Release 15% of non-tenured teachers after year 3</td>
<td>Fewer low-performing teachers</td>
<td>No cost</td>
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<td><strong>STEP 3: Smarter pay</strong></td>
<td>Limit COLA increases to actual cost of living</td>
<td>Reduce COLA by 0.5%</td>
<td>Student achievement remains the same while this action frees resources for other investments</td>
<td>Savings</td>
</tr>
<tr>
<td><strong>High Return Actions</strong></td>
<td></td>
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<tr>
<td><strong>STEP 1: Strong performers</strong></td>
<td>Give strong teachers larger classes</td>
<td>10% of teachers overall (all in top 20%) agree to teach an extra 5 students for $5K stipend</td>
<td>More students receive instruction from best teachers</td>
<td>Low</td>
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<tr>
<td><strong>STEP 1: Strong performers</strong></td>
<td>Create teacher leader roles</td>
<td>10% of teachers (all in top quartile) become teacher leaders and receive $5K stipend, 1 period release time</td>
<td>Other teachers improve with leadership and coaching</td>
<td>Medium</td>
</tr>
<tr>
<td><strong>STEP 4: Recruiting and hiring</strong></td>
<td>Invest more in recruiting and hiring</td>
<td>Increase recruiting budget by $5K per recruit</td>
<td>Improve quality of new hires by 20% on average</td>
<td>Low</td>
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<tr>
<td><strong>Hard to Quantify Actions</strong></td>
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<tr>
<td><strong>STEP 1: Strong performers</strong></td>
<td>Match best teachers to highest-needs students</td>
<td>Move 5% of teachers (all in top 20%) to lowest-performing schools and pay $5K stipend</td>
<td>Neediest students get more benefit from better teachers</td>
<td>Low</td>
</tr>
<tr>
<td><strong>STEP 2: Low performers</strong></td>
<td>Remediate lowest performers</td>
<td>Intensive remediation through 2 additional release periods for lowest 1% of teachers</td>
<td>Struggling teachers improve and teach fewer students</td>
<td>Medium</td>
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<tr>
<td><strong>Low or No Return Actions</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>STEP 1: Strong performers</strong></td>
<td>Pay performance bonuses to high-performing teachers</td>
<td>Highest 10% of teachers are paid $10K bonus but take on no additional responsibilities</td>
<td>No consistently documented evidence of incremental learning</td>
<td>Medium</td>
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</table>
not expected to significantly improve student learning, so we have placed it in the “Low or No Return” category.

These options can be implemented one at a time, or can be combined to provide more learning impact and/or so that the net result is budget neutral. For example, a district may choose to offer positions with additional responsibilities to 10% of teachers at an average stipend of $5,000 and could pay for this by replacing coaches with these new teacher leaders, managing out a small portion of underperforming senior teachers, and limiting COLA increases. Or districts could free up resources from other areas to fund these investments. Title II funds can be used for most of the actions outlined, as can Title I funds in some cases. District leaders can identify other sources of funding through ERS’ School Budget Hold’em game and DREAM tool. Especially given recent budget decreases, many districts have already made drastic cuts to teacher compensation, and adding funds back into that pool from other sources may make sense. These investments may be especially palatable if they are invested in ways that have direct student learning impact.

**Prioritizing First Steps**

Only specific context can determine which options are right for which district. To decide whether a particular strategy could actually work for a particular district, district leaders will need to look at the current distribution of teacher quality and seniority, the details of existing collective bargaining agreements, the strength of the relationship between teachers and the administration, and budget realities. These obstacles may feel daunting. But districts across the country are already beginning to accomplish many of these First Steps. Urban schools in Charlotte, Nashville, and Cleveland are taking steps to leverage their best teachers as coaches, limit the use of tenure, and take action against absenteeism. Few districts (these pioneers included) are yet fully satisfied with the future of their teaching force. But if actions like these First Steps truly improve student outcomes and move districts toward a better vision of the teaching job—how can we not take them?

**Acknowledgements:** Many individuals across ERS were instrumental in the writing and analysis of this paper. ERS’ Stephen Frank, Karen Baroody, and Jeff Gordon were the lead authors with significant contributions from team members Nisha Garg, Karen Hawley Miles, Chris Lewis, Genevieve Quist Green, David Bloom, and Melissa Galvez. We also want to thank the ERS partner districts whose data inform our analysis, and Amanda Kocon from TNTP for her input. Finally, we are grateful to the Bill & Melinda Gates Foundation for providing funding for this report. ERS is solely responsible for the ideas presented in the paper and for any errors.
End Notes


7 For comparison, corporate recruiters of college graduates tend to spend $3,000–$8,000 per hire. 2012 Recruiting Benchmarks Survey, National Association of Colleges and Employers.

8 For our sample district, we assumed: 1) 2,000 teachers 2) Average teacher salary of $70,000 3) Average district turnover rate of 10%. We compared the effect of each strategy against the baseline assumption that the district kept its traditional “step and lane” compensation model. To quantify teacher effect on student achievement, we used the findings of Harvard’s Strategic Data Project, which measured teacher effect size in Fulton County, GA.

9 In this calculation, we assume that these high-performing teachers take on an additional class from an exiting teacher and are given a salary increase for the additional class at a discounted, per-class rate (85% of the per-class cost, based on average salary).

10 In many districts, the percentage of teachers who are currently rated unsatisfactory is often very low. However, we expect this percentage to increase over time to as high as 10–20% as districts implement new evaluation systems. We therefore have included an assumption of 5-6% of teachers who, in the near term, would fall into rating “buckets” that do not merit pay raises.

11 According to our model, districts will realize savings and student gains if they are able manage out just 3% of their workforce. However, this is only an approximation, and different districts may vary widely on this point depending on the make-up and turnover of their current teaching force and the quality of their hiring pool.

12 This calculation assumes that each teacher leads a team of four teachers (10% of all teachers), and that those teachers improve from average, to anywhere from midway to one-quarter of the gap between average and top quintile effectiveness.

13 For this strategy we measure the effect size only on students in the lowest-performing schools to which affected teachers move. The effect size among students in all schools will depend entirely on how a district implements this strategy.

14 While the positive impact of this action on the students in the low-performing schools can be quantified, the impact on the students in the schools these teachers are leaving will depend on how those teachers are backfilled.

15 http://opportunityculture.org/our-initiative/participating-sites/cms-project-lift/