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Rewarding Performance: Lessons for Nevada's K-12 System

KENNY GUINN CENTER FOR POLICY PRIORITIES

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Rewarding Performance: Lessons for Nevada's K-12 System

Executive Summary

In recent years, education leaders and policy experts have directed heightened attention and resources to assessing and evaluating the ways that states and local school districts compensate teachers for their work. There are two distinct phenomena motivating these factors. The first is the growing teacher shortage. Additionally, teacher turnover is an issue, particularly at at-risk schools. Second, many school districts retain a significant number of *ineffective* teachers in the classrooms of our public K-12 schools.

In Nevada, personnel costs (salaries and wages) consume 80 percent of the State's education budget. Given the size of investment, policy makers and education officials are eager to ensure that the State is attracting and retaining the best teachers, supporting them, and compensating them in a way that rewards their work and their impact on student achievement.

Around the country, school districts and policy makers have attempted to address these two phenomena by using financial incentives—namely performance-based compensation plans and incentives. This policy report explores how states and school districts have implemented these financial incentive-based compensation plans, describes the current landscape in Nevada, and offers recommendations that may be taken under advisement by Nevada's legislative leaders, policy makers, and education officials.

More than two dozen states have implemented revised performance-based compensation programs and incentives. Unfortunately, the research is far from conclusive. In some cases, incentive programs are associated with increases in student test scores and higher rates of teacher retention. In other districts, the effect on positive outcomes was minimal or short-lived. Moreover, performance-based compensation and incentive programs have been implemented along with other education reforms, thus making it difficult to truly isolate the effect of performance-based compensation initiatives. In most cases, performance-based compensation schemes have been accompanied by revisions to the framework for evaluating teachers and principals.

Like many other states, Nevada has rolled out several performance-based compensation and incentive programs. Among these are: Great Teaching and Leading Fund, Teach Nevada Scholarship and Teacher and New Teacher Incentives Fund, and Enhanced Compensation and Performance Pay Plan (AB 483). In addition, Victory School and Zoom School programs provide teacher incentives. Also, in recent years, Nevada has established a new framework for evaluating teachers, the Nevada Educator Performance Framework (NEPF), that uses student data and other qualitative measures to evaluate teachers.

To date, school districts in Nevada have been slow to use the NEPF to link teaching effectiveness with compensation. Additionally, the State and districts have not developed an integrated implementation plan for the various performance-based compensation and incentive programs.

To strengthen the existing system of how the State rewards the work of its licensed educational professionals, the Guinn Center has the following recommendations that may be taken under advisement by members of the SAGE Commission and the State's political leaders and education officials.

1. Require an external third party evaluation on all compensation programs

Research underscores the importance of conducting independent, comprehensive program evaluations. Recognizing the significance of accountability, the Nevada Legislature mandated an external, third party evaluation of many of the education initiatives approved during the 78th Legislative Session in 2015. For example, legislation approving Zoom School and Victory School funding required the Nevada Department of Education (NDE) to “contract for an independent evaluation of the effectiveness of the programs and services provided by the school districts and charter schools that received money.” In addition, NDE has recently completed an external evaluation of the Great Teaching and Leading Fund. Experience from other states and school districts suggests that pay for performance systems have failed when not administered and monitored effectively. If not already proposed, the Nevada Board of Education should also conduct an external evaluation of the Enhanced Compensation and Performance Pay Program and the Teach Nevada Scholarship and Teacher Incentive Funds. The Nevada Department of Education should conduct an external evaluation of all compensation programs, including both performance-based and incentive programs.

2. Develop statewide guidance on existing performance-based compensation and incentive programs

- a. Establish standard outcome measures
- b. Require that school districts regularly evaluate the impact of teaching incentive programs and new salary schedules on teacher retention, teacher quality, and student outcomes
- c. Require that school districts link the Nevada Education Performance Framework to performance-based compensation and incentive programs

Recently, Nevada has implemented several performance-based compensation and incentive programs. Among these are the Teach Nevada Scholarship, the Enhanced Compensation and Performance Pay program, and Victory and Zoom Program incentive funds. However, NDE has yet to articulate consistent performance metrics or outcomes across all programs. To its credit, NDE allows flexibility in the implementation of the performance-based compensation and incentive programs so that school districts can best respond to the unique needs of each school and district. However, in exchange for this flexibility, NDE should strengthen measures of accountability and establish statewide performance metrics to ensure that funds are being used in effective ways that serve the goals of these programs. In consultation with school districts, NDE should consider creating uniform, statewide measurable objectives for the evaluation of performance-based compensation and incentive programs.

Similarly, over the last few years, school districts and the Nevada Legislature have established programs to improve the recruitment and retention of (high-quality) teachers. For example, in 2015, the Nevada Legislature established the Great Teaching and Leading Fund to help recruit and retain high quality

licensed educational professionals. This year, the Clark County Education Association and Clark County School District implemented the Professional Growth System, which restructures the traditional salary schedule in ways that reward improved educator practice and provide career advancement options for educators who do not want to leave the classroom. To assess the State's return on investment and identify best practices that can be replicated in other school districts around the State, the Legislature (and/or the State Board of Education) should require school districts to evaluate the impact of the new salary schedules and teacher incentive programs on teacher retention, teacher quality, and student outcomes. The State Board of Education should require these evaluations to be presented and submitted annually.

Additionally, last year, NDE provided funds, through the Great Teaching and Leading Fund (SB 474), to help school districts understand, implement and use the Nevada Educator Performance Framework (NEPF), the State's new framework for evaluating teachers. Teachers have been trained on this framework and they have expressed a degree of comfort with using the framework. A recent evaluation noted:

Overall, the framework itself is viewed positively in terms of its goals and intentions, and educators are not overwhelmingly opposed to implementing the NEPF based on its content and processes.

However, many districts are not using or integrating the NEPF. For instance, several districts who dedicated funds to meet the requirements of the Enhanced Compensation and Performance Pay legislative requirement (AB 483) did not explicitly link the distribution of funds to the NEPF. All new programs and policies – including performance-based compensation and incentive programs-- should incorporate the use of NEPF. The Legislature and State Board of Education should consider requiring school districts to link the NEPF to performance-based compensation and incentive programs.

3. Improve the integration of all performance- based compensation and incentive programs

Research has documented the positive and robust relationship between teacher quality and academic outcomes. The desire to improve the quality of the Silver State's teaching professionals, as well as to reduce the alarming number of teacher vacancies, has prompted law makers to direct new funds to a performance-based compensation model, as well as teacher incentive funds. However, these new performance-based compensation and incentive programs have been rolled out in piecemeal fashion, rather than in an integrated, systematic manner. Similarly, to maximize local autonomy, the State has not provided a uniform, integrated framework or plan for administering (or evaluating) these programs. In the absence of an integrated plan, there is some risk that the implementation of these programs may result in redundancies or fail to maximize their intended impact.

To underscore this point, RAND Corporation has conducted research evaluating several performance-based compensation programs around the United States. The researchers found that the program did "not produce its intended effects" and that it "did not improve student achievement at any grade level."

They concluded by noting the key conditions that “would enable the program to be successful.” Among these were “understanding of the program, perceived value of the bonus, and perceived fairness.” The absence of a district level integrated plan of all performance-based compensation and incentive programs may undermine a full understanding of the programs and reduce their impact. The State Board of Education and Nevada Department of Education should require all school districts to develop, submit, and present an integrated implementation plan for all performance-based compensation and incentives programs. This requirement could serve to reduce redundancy or duplication of the various compensation and incentive programs and could strengthen overall impact.

4. Continue State-sponsored incentive programs and consider new ways of funding them

Incentive programs around the country have had some success in improving student academic outcomes, increasing teacher retention, filling hard-to-fill teaching positions, and/or reducing teacher vacancies at under-performing schools. Research also indicates that performance-based *bonuses* may have an advantage over performance-based *salary increases*. For instance, bonuses have been shown to increase staff performance more effectively than performance-based salary increases.

In 2015, Nevada launched the Teach Nevada Scholarship and New Teacher Incentive fund. This fund provides a one-time incentive to *new* teachers. Nevada should continue using incentives to attract high-quality teachers to hard-to-fill positions and to high-need schools. The Legislature should continue funding the Teach Nevada Scholarship and Incentive Fund program. However, the Legislature should revise the program to target the incentives to the following categories of teachers: (1) high-quality teachers (as demonstrated by the NEPF “highly effective” ratings) to teach in the State’s under-performing, high poverty schools, (2) Special Education teachers, (3) and math and science teachers.

Research also indicates that teacher incentive programs could be a cost-effective alternative to other existing programs or interventions designed to improve student achievement. For example, one study noted that in comparison to class size reduction interventions, the cost of producing similar academic gains through teacher incentives were estimated to be \$7,000 cheaper than it would have been to reduce class size. In elementary schools, for example, teacher transfer incentives were \$13,000 cheaper than the class-size reduction benchmark.

Earlier this year, the Nevada Department of Education proposed legislation that would allow schools to apply for a literacy block grant that would reallocate money intended for classroom-size reduction. To receive a grant, schools would have to present a site plan that indicates how the money will be used to improve literacy for students in grades K-3. State education officials and legislators may want to consider revisiting the use of classroom size reduction funds and allowing the literacy block grant proposal to include proposals by districts to use teacher incentives to attract high-quality teachers to under-performing schools. The Nevada State Legislature allow classroom size funds to be made available to provide literacy block grants to school districts and that some portion of these funds could be used to offer teacher transfer incentives to attract high quality teachers to under-performing schools.

5. Tie incentives or categorical funds to teacher absenteeism rates

Given that teaching is a human capital intensive profession, it may not be possible to reduce the overall costs of an average school district's personnel costs, which currently consume about 80 percent of education expenditures. However, policy makers can adopt requirements and policies to improve the likelihood that school districts are realizing a positive return on their investment.

One area of concern is that Nevada has the second highest absenteeism rate for teachers in the United States. Almost half of all teachers (49 percent) miss 10 or more days of school each year. This is almost twice the national rate of 25 percent. Research reveals that students perform worse in math and are less engaged in school when their teachers miss at least 10 days of school. In addition to impacting student achievement, teacher absenteeism is costly for districts since a missing teacher in the classroom means that schools must hire substitutes.

While policy makers should not 'reward' absentee teachers with incentives, the State should consider ways to link categorical funds given to districts to teacher absenteeism rates. A 2011 study examined an incentive program in North Carolina, which awarded teachers up to \$1,500 each if the standardized test scores of the entire school improved by a predetermined amount. A program evaluation found that teachers took 0.6 fewer sick days on average and that math and reading test scores improved. Based on these results, researchers concluded that "compared to other popular education reforms, such as reduced class sizes, incentives provide more than four times the amount of student improvement per dollar spent."

Earlier this year, the Nevada Department of Education proposed legislation that would allow schools to apply for a literacy block grant that would reallocate money intended for classroom-size reduction. To receive a grant, schools would have to present a site plan that indicates how the money will be used to improve literacy for students in grades K-3. State education officials and legislators may want to consider revisiting the use of classroom size reduction funds and categorical funds in ways that align with performance metrics and student outcomes. The State Board of Education and Nevada Department of Education should consider including teacher absenteeism rates as a criterion for disbursing categorical funds to districts and schools. Additionally, NDE should include teacher absenteeism rates in the State's Accountability System, which is currently undergoing revisions.

6. Require districts to tie teacher evaluations to increments on the local teacher salary schedule

Despite the implementation of the NEPF, very few districts are using this evaluation framework to inform teacher compensation. For example, currently, a teacher can receive a "minimally effective" and/or "ineffective" rating and remain eligible for salary increases (on the standard teacher salary schedule). One notable exception is Washoe County School District, which is using the NEPF ratings to identify and promote teachers by giving them more responsibility. Specifically, Washoe County School District requires "master teacher" candidates to have received the highest ratings on the NEPF.

Other states have attempted to address this issue. Indiana passed a law stating that teachers were only eligible for merit pay increases if they received "highly effective" or "effective ratings." (In practice, reports suggest, however, that the law has not had the intended outcome. Most teachers simply receive

high ratings.) In Tennessee, the state requires districts “to differentiate teacher compensation based on at least one criterion in addition to years of experience and education, including additional roles or responsibilities, hard-to-staff schools or subject areas, and performance-based on State board approved teacher evaluation criteria.” The Nevada State Legislature should consider requiring school districts to link advancement on the salary schedule to NEPF ratings.

7. Assess Nevada’s system for evaluating principals and administrators

Performance-based compensation programs must be aligned with additional programs to improve student achievement and working conditions at the school sites. Research indicates that the most effective performance-based compensation programs are “implemented as part of a broader, holistic retention strategy, rather than as standalone initiatives.” This is because compensation is only one factor that influences an individual’s decision to enter (and remain) in the classroom. Other considerations are strong principals, skilled and supportive colleagues, adequate resources for teaching, smaller student loads, autonomy, high-quality professional development, and safety. These considerations should be incorporated into incentive programs geared toward recruitment and retention.

As noted by the Education Commission of States, where performance-based programs have demonstrated some success, they are usually coupled with other programs and comprehensive reform efforts (e.g., job-embedded professional development, professional learning communities, school leadership teams). In Charlotte, North Carolina, performance-based incentives were accompanied by efforts to foster a positive working environment (by granting principals greater autonomy, in part). One study noted, “Policies that create salary structures that compensate teachers for working in more difficult school environments may not effectively retain teachers unless work conditions are also improved.”

Preliminary research indicates that Nevada does not have a robust pipeline of strong principal leaders. For example, during the Great Recession, Clark County School District suspended its internal training and leadership development program for future principals. Interviews with teachers and education officials around the State reveal that the current system for recruiting, training, supporting principals has gaps. Interviews also reveal that the roll-out of the NEPF to school leadership teams (principals and administrators) has been “sluggish.” A robust body of research confirms that leadership and overall working conditions are critical to retaining high quality classroom instructors. The Legislature and State Board of Education should require a status update of how administrators and principals around the State are being evaluated. The Nevada State Legislature should commission a comprehensive study on culture and principal leadership development around the State.



Rewarding Performance: Lessons for Nevada's K-12 System

Introduction

In recent years, education leaders and policy experts have directed heightened attention and resources to assessing and evaluating the ways that states and local school districts compensate teachers for their work. There are two distinct phenomena motivating these factors. The first is the growing teacher shortage. While Nevada is acutely aware of this shortage, the situation here is not unlike that faced by school districts around the country. Additionally, teacher turnover is an issue, particularly at underperforming schools.¹ Policy makers around the country are exploring ways to recruit and retain high quality teachers.

Ironically, the other driver of laser focus on compensation schemes for teachers owes to the fact that many school districts retain a high number of *ineffective* teachers in the classrooms of our public K-12 schools. By some accounts, “most schools can provide students with excellent teachers in only one out of four classrooms.”² Critics of the traditional salary schedule argue that it does not provide incentives to produce desired results. In recent years, policy makers have experimented with performance pay plans whereby teachers are compensated, in part, for their contribution to student outcomes (actual or growth) “as a way to improve student performance.”³ District officials continue to explore ways to revise traditional compensation plans as part of a “comprehensive strategy to attract, retain, and deploy high-performing teachers to their highest need areas, subjects, and grades.”⁴

School districts and policy makers have attempted to address these two phenomena by using three – largely financial – strategies: salary requirements, performance pay plans, and diversified pay (see Table 1).⁵ The Guinn Center for Policy Priorities addressed states’ efforts to implement salary requirements and statewide salary schedules in its recent companion policy report, *‘The Costs of Instruction in Nevada’s K-12 System’* (August 2016). In this paper, we address additional financial strategies – e.g., performance-based compensation and diversified pay plans (also referred to as incentives).

This policy report explores how states and school districts around the country have implemented these financial incentive-based compensation plans, describes the current landscape in Nevada, and offers some recommendations that may be taken under advisement by policy makers and education leaders in Nevada.

The Landscape

School districts around the country are dealing with teacher shortages and teacher attrition. As of April 1, 2016, Clark County School District had 961 reported teacher vacancies and Washoe County School District had more than 240 job openings.⁶ (As of August 1, 2016, those numbers fell to 370 and 100, respectively.) Statistics indicate that 17 percent of teachers leave the field within five years.⁷ The National Center for Education Statistics (NCES) reported that following the conclusion of the 2007-2008 school year, 8.0 percent of teachers left and 7.6 percent moved to a different school. For new teachers (those with one to three years of experience), 9.1 percent left the profession and 13.7 percent moved to a different school.⁸

During that same period, the attrition rate in Clark County School District, Nevada's largest, was comparable – even slightly lower (7.4 percent) than the national average (See table 1).⁹ However, since 2008, the teacher attrition rate in Clark County School District has increased and was 8.4 percent in 2014.

Table 1. Total teacher, teacher attrition and attrition rate for CCSD 2004-2008^{10, a}

Teachers	2004	2005	2006	2007	2008	2012	2013	2014
Number of teachers in CCSD	15,202	15,985	16,817	18,046	18,715	.	.	.
Number of teachers who left CCSD	1,035	1,210	1,387	1,329	1,310	.	.	.
Attrition Rate	6.8%	7.6%	8.2%	7.4%	7.0%	10.3%	9.4%	8.4%

Teacher turnover can be costly for school districts. One 2007 study estimated that the total cost of teacher turnover in the Chicago Public Schools was more than \$86 million per year, and the average cost per departing teacher was \$17,872.¹¹ High turnover costs draw resources away from instruction as well as effective professional development programs for teachers that remain in the classroom. Most importantly, higher school turnover rates are associated with poor student academic performance.¹²

Locally, the Alliance for Excellent Education found that teacher attrition cost Nevada \$12.8 million in 2003. In a Clark County School District commissioned report, authors Brett Campbell and Judet Diaz estimated that the cost of attrition to Clark County School District in 2008 was \$14.8 million.¹³

Another related issue faced by school districts is chronic teacher shortages in high-need schools. High-need schools may include schools located in remote areas, schools with high numbers of students on Free and Reduced Lunch, English Language Learners, or students with disabilities. For example, in a recent opinion piece, the Kenny Guinn Center for Policy Priorities researchers noted that “thirty-eight percent of teacher vacancies in the Clark County School District’s elementary and middle schools are special education vacancies. Additionally, 83 percent of special education teacher vacancies are in Title I schools, which serve our community’s most under-resourced families. The Washoe County School District has more than 240 job openings, more than 40 percent of which are for special education instructors.”¹⁴

^a The author was unable to locate data for the years 2009-2011.

In Nevada, the state not only struggles with filling teaching positions in high-need schools, it also struggles with attracting *effective* teachers to high-need schools. Over the period Fiscal Year (FY) 2009 through FY 2014, the Silver State’s highest poverty schools had a higher percentage of classes not taught by teacher meeting “highly qualified” requirements (see Table 2). While overall, the number of classes taught by teachers not meeting “highly qualified” requirements has declined over time, the gap between unqualified teachers teaching at high-need schools versus schools with lower rates of poverty has increased (3.3 percentage point difference, up from 1.1 in FY 2009) (see Table 2).¹⁵

Table 2. Percent of Core Academic Classes Not Taught by Teachers Meeting “Highly Qualified” Requirements – Highest/Lowest Poverty Quartiles¹⁶

School Year	Lowest Poverty Quartile Schools	Highest Poverty Quartile Schools	Gap Between Highest/Lowest Poverty Quartile Schools - % Point Difference
FY14	4.6	7.9	3.3
FY13	2.4	4.0	1.6
FY12	3.3	5.2	1.9
FY11	5.7	7.6	1.9
FY10	5.3	8.3	3.0
FY9	9.0	10.1	1.1

Compensation Plans in the United States

Researchers have identified the factors contributing to lower numbers of individuals entering the teaching profession, and to high teacher turnover and teacher attrition rates (particularly at high-need schools). Collectively, they find these problems stem largely from dissatisfaction with compensation and working conditions (including safety and interpersonal relationships).¹⁷ As Audrey Amrein-Beardsley (2012) writes, teaching professionals “identify low salaries and the organization’s working conditions (e.g., a lack of support, lack of resources, high teacher to student ratios, student discipline issues) as most often shaping their decisions to leave their schools, or the profession.”¹⁸ Low salaries are of particular concern to teachers working in both urban and rural high-poverty, high-need schools.¹⁹

Many teachers have expressed dissatisfaction with the traditional salary schedule. Historically, salary schedules have only rewarded educational attainment and experience, as opposed to additional responsibilities or performance. In some school districts, prior to reforms, the salary schedule required twenty to thirty years of experience and additional education to reach the maximum salary.²⁰ Table 3 presents the compensation principles included in the traditional (“step/column”) salary schedule.

Figures 1 illustrates the composition of salaries in various districts around the country. Figure 1 presents the components of compensation increases for an average teacher in a district that uses a traditional salary schedule. On average, 80 percent of total compensation is based on skills and experience, while only 10 percent accrues from performance and/or additional responsibilities.²¹ (Denver is an exception because it does not use a traditional salary schedule).

The role of compensation in career-decisions made by teachers has prompted school districts and policy makers around the country to experiment with several (largely financial) incentives. The impetus behind many of these initiatives were Federal programs, --namely the Race to the Top (RtTT) Fund and the Great Teachers and Leaders Fund, which encouraged districts to revise their teacher evaluation systems. Additionally, private foundations, including the Bill and Melinda Gates Foundation supported local efforts to devise new performance-based compensation plans.

Collectively, the purpose of these incentives is to recruit, retain and reward performance. Districts to date have largely focused on salary enhancements (e.g., incentives or bonuses for teaching at high-need schools, etc.) and limited duration incentives (performance-based awards). Table 4 lists the typical financial incentives.

Table 3. Compensation Principles Under Typical Step-and Lane- Salary Schedule

Compensation goals and principles are implemented through.....	Typical step-and lane-systems
Competitive compensation packages over the course of a teacher's career that keeps pace with teachers' outside professional opportunities	Rarely
Salary increases based on demonstrated teaching effectiveness, with no or below-market cost-of-living increases for underperforming teachers	Rarely
Salary differentials for additional contribution that are large enough to recognize and reward effective and highly effective teaching	Rarely
Ensuring performance thresholds that trigger increases are sufficiently rigorous to recognize and reward effective and highly effective teaching	Rarely
Valued nonmonetary recognition and rewards for high performers and contributors	Sometimes
Flexible school roles and responsibilities that allow for differentiated career paths, workloads, and hours with prorated compensation	Rarely
Mandatory unsatisfactory ratings	Rarely

Figure 1. Components of a Salary Increase for a 30-Year Experienced Teacher²²

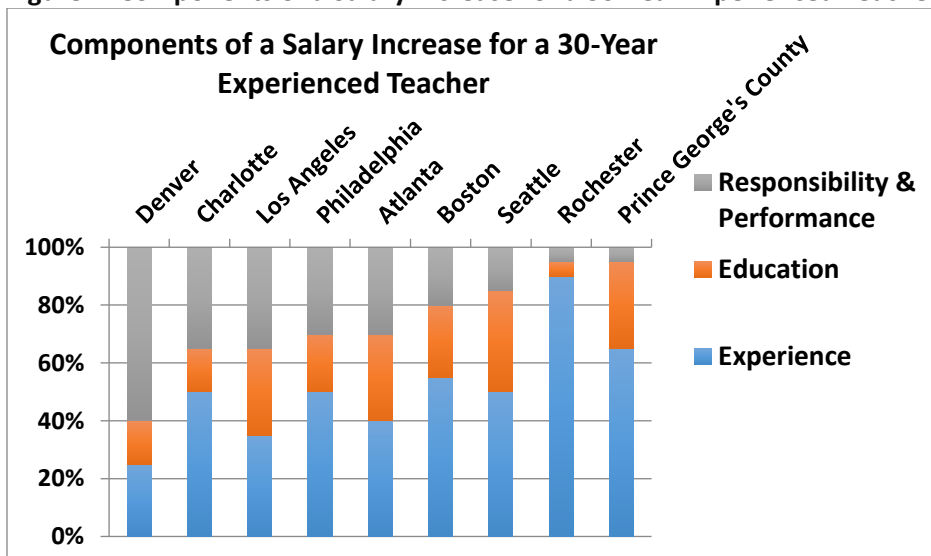


Table 4. Examples of Financial Incentive Policies Used by Districts to Retain and Recruit Teachers

Example of Financial Incentive Policies	
Incentive Categories	Example Policy Types
Salary schedule modifications	• State mandated minimum salary levels
	• Across the board salary increases
	• Alternative salary schedules
	• "Frontloaded" or "backloaded" salary schedules
Salary enhancements	• Salary credits
	• Additional pay for teaching in geographic-, or subject- shortage areas
	• Additional pay for certifications or credentials
	• Additional pay for extra responsibilities
	• Tax waivers and credits
	• Transportation subsidies
Limited duration incentives	• Performance-based rewards
	• Signing bonuses
	• Relocation incentives
	• Credential or certification bonuses
	• Loan forgiveness
	• Home ownership assistance
Education and training related incentives	• Tuition subsidies and remission
	• Pre-service teacher scholarships and stipends
	• Alternative routes to teacher certification
	• Tuition tax credits
In-kind incentives	• Housing assistance
	• Subsidized meals
	• Access to local amenities
Retirement benefit waivers	• Return to work polices
	• Deferred retirement

As of 2003-04, almost twenty percent of school districts had “rewarded some schools with a school-wide bonus or additional resources for a school-wide activity” and fifteen percent had provided a financial incentive or additional resources to individual teachers.²³ As noted by Stephanie Aragon in an Education Commission of the States’ report, *Mitigating Teacher Shortages: Financial Incentives*, sixteen states have established statewide pay-for-performance (or performance-based) programs.²⁴ Under a performance-based program, a teacher’s evaluation scores and/or student outcomes are factored into his (her) overall compensation. This differs from the traditional model that rewards experience and educational attainment (skills). At present, “performance pay is based on student achievement results in nine states, and based on evaluation results in seven states.”²⁵ See Table 5 for the different programs offered by states in the United States.

Salary enhancements (also referred to as diversified pay or incentive pay) are often used to recruit teachers to high-need (or “hard-to-staff”) schools (e.g., Title I, rural, under-performing schools, etc.), or to attract teachers in high-demand skill areas (e.g., science and math, etc.), or teachers who require more training (e.g., special education teachers).²⁶ According to Education Week’s *Quality Counts*, as of 2009, about 20 states offered financial incentives to teachers to teach in hard-to-staff schools.²⁷ These sorts of

Table 5. Financial Incentives Offered by States to Recruit and Retain Teachers

	Minimum Salary Requirements	Salary Schedule	Diversified Pay	Pay-for-Performance
Alabama		X		
Alaska				
Arizona				
Arkansas		X	X	X
California	X		X	
Colorado			X	
Connecticut			X	
Delaware		X	X	X
D.C.				
Florida			X	X
Georgia		X	X	X
Hawaii		X	X	X
Idaho		X		
Illinois		X		
Indiana				X
Iowa	X			
Kansas				
Kentucky		X	X	
Louisiana		X	X	X
Maine	X			
Maryland			X	
Massachusetts	X			
Michigan				X
Minnesota				X
Mississippi		X		X
Missouri	X			
Montana				
Nebraska				
Nevada			X	X
New Hampshire				
New Jersey	X			
New Mexico	X		X	
New York			X	
North Carolina		X		
North Dakota				
Ohio		X	X	X
Oklahoma		X	X	X
Oregon				
Pennsylvania		X		
Rhode Island				
South Carolina		X		X
South Dakota				
Tennessee		X	X	X
Texas		X	X	X
Utah			X	X
Vermont				
Virginia			X	
Washington		X	X	
West Virginia		X	X	
Wisconsin			X	
Wyoming			X	
Total	7	19	23	16

financial incentives assume that additional compensation can entice teachers to accept positions they might not otherwise take.²⁸ Often in the literature, the terms performance-based programs and incentives are used interchangeably.

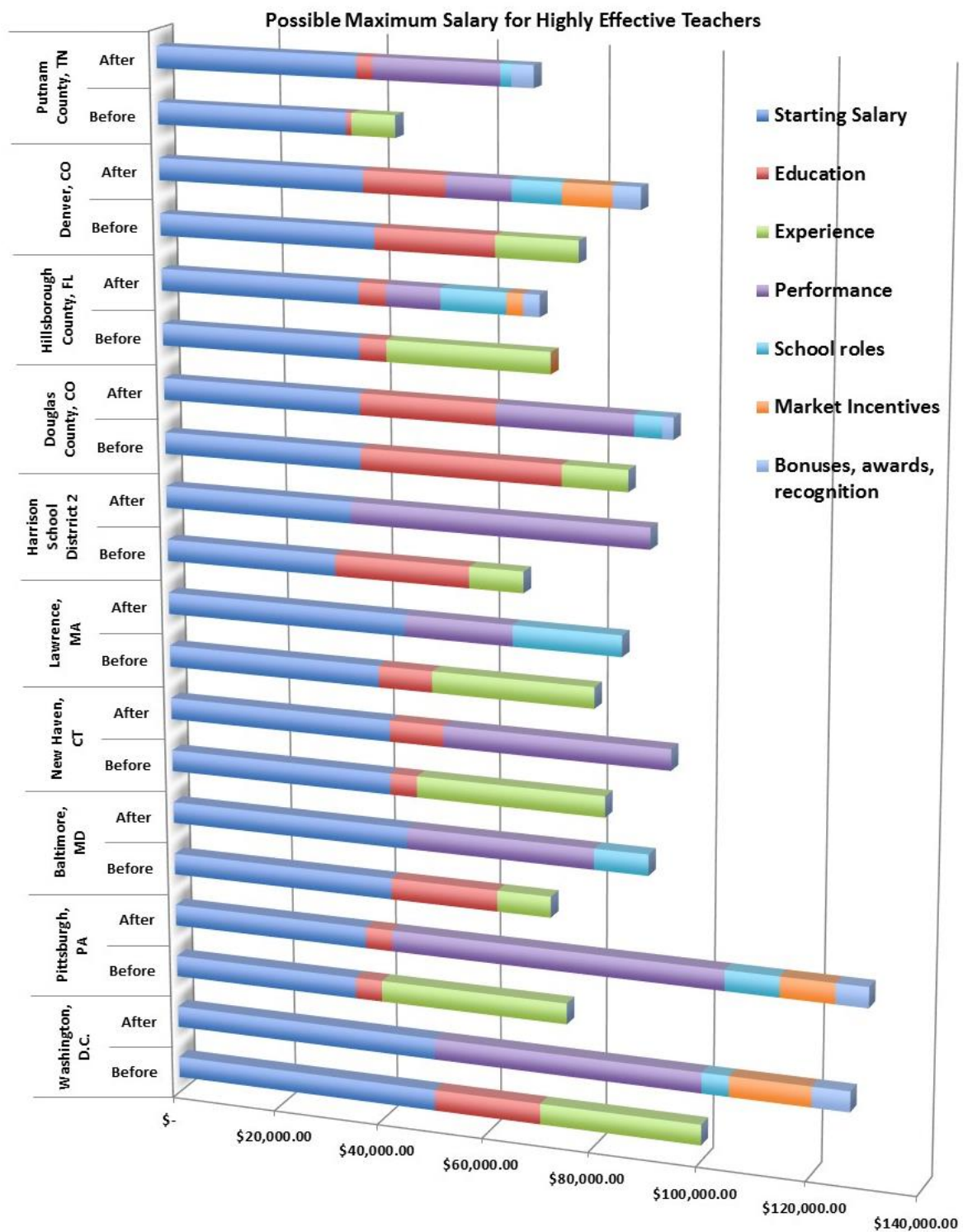
In this paper, to the extent possible, we refer to incentive programs as those programs that provide additional financial compensation to teachers without any (meaningful) consideration of a teacher's evaluation or performance. In contrast, we refer to performance-based programs as those programs that explicitly link a teacher's compensation to student performance and/or a teacher's evaluation.

Nevada currently has several incentive and performance-based compensation programs, many of which were introduced and approved in the 2015 78th Legislative Session. Among these are the New Teacher Incentive Fund (Senate Bill 511, as well as additional funding through Senate Bill 515); Enhanced Compensation and Performance Pay (Assembly Bill 483); and the Great Leading and Teaching Fund (Assembly Bill 474). In addition, the State supports alternative routes to teacher certification and some of Nevada's school districts and charter schools offer education and training related incentives (e.g., tuition reimbursements). The second half of this policy report will describe these programs in greater detail.

While growing, overall incentive pay and performance-based pay make up less than 1 percent of total compensation. In contrast, pay for advanced degrees and experience account for roughly 28 percent of all compensation.²⁹

While performance-based plans can be costly, some have argued that revisions to the traditional salary schedule can support reform efforts. Dr. Bryan Hassel of Public Impact, an education research consulting firm, suggests that on average, school districts could grant the top 50 percent of teachers performance bonuses averaging \$3,000 by simply reducing post-five year experience premiums (in the traditional salary schedule) by 10 percent or by reducing advanced degree premiums by 20 percent.³⁰ Hassel also proposes that instead of using philanthropy (e.g., Gates Foundation) and U.S. Department of Education Teacher Incentive Fund monies (TIF) to finance new performance pay plans, districts should use those resources to "fund the transitional costs of 're-slicing the pie': planning, evaluation, and holding harmless incumbent teachers who don't want to enter the new contribution-based system."³¹

Figure 2 presents the components of a highly effective teacher's compensation prior to and following the implementation of performance-based programs in a select number of districts. In some districts and cities, including Hunter School District 2 (Colorado Spring, Colorado), Baltimore (Maryland), Lawrence (Massachusetts), and Washington, D.C., the new performance-based plans no longer reward educational attainment (e.g., Master's degrees, doctoral degrees). In all but one district, performance-based programs increased the possible maximum salary for licensed educational professionals.

Figure 2. Possible Maximum Salary for Highly Effective Teachers, Before and After Reform³²

Description of Performance-Based Plans and Incentive Programs

The design of performance-based compensation plans varies. Some programs provide bonuses based on quantitative measures (e.g., test scores); others use quantitative and qualitative measures (e.g., peer and/or principal evaluations, etc.). Several programs provide bonuses to entire districts, others to select schools. In some districts, performance-based awards are distributed based on the evaluation of teams of teachers; others evaluate the performance of individual teachers.

Despite the variation, a growing number of studies have tried to document the impact of new performance-based compensation programs. Of interest is the impact of performance-based programs and incentives on student achievement and teacher turnover. Still others have examined the impact of new performance-based compensation schemes on teacher satisfaction and school climate. In the pages that follow, the Guinn Center briefly describes the new incentive and performance-based program and summarizes the impact, if any.^b

Overview

A first generation of studies found (limited) positive effects of performance-based pay on student and teacher outcomes. However, the robustness or validity of many of the causal arguments are limited due to research design, data limitations, or selection bias.

However, a second generation of studies that do include rigorous research design methods (i.e., randomized, controlled experiments, etc.) find no positive and significant relationship between incentive programs and performance-based compensation plans and student outcomes. These studies find that “traditional pay-for-performance systems (i.e., systems in which the opportunity to earn a bonus is offered at the beginning of the year and rewarded at the end of the year if a teacher meets the performance criteria) do not affect either teacher practices or student outcomes.”³³

Another set of studies examining the impact of new compensation schemes on teachers’ attitudes and working conditions also find a negative (and significant) relationship. Yuan et al (2013) analyzed surveys from teachers who participated in one of three incentive pay programs. Summarizing the study results, the research team wrote:

Results showed that teachers did not consider their programs as motivating. First, teachers’ level of goal acceptance was not high due to a lack of understanding of the program among some teachers and teachers’ concerns about using student test scores to measure teaching performance and the fairness of the program. Second, teachers did not have high expectancy that their personal efforts would lead to student achievement gains due to concerns about the influence of family environment on student achievement.

^b We attempt to include information on districts which have been the subject of quantitative evaluation. The level of information varies, which is a function of the level of detail presented by the primary and secondary analyses.

Third, although teachers would have liked to earn a bonus, they did not see the opportunity as worthy of changing behavior.³⁴

The results indicate that the incentive pay programs had no impact on instructional practices, number of hours worked, or collegiality.³⁵ Lauen et al (2014) notes that performance-based pay structures are “more likely to exist in districts that have more information about individual teacher performance (high-accountability cultures), and less likely where teachers are unionized.”³⁶

Several studies have examined whether the *design* of a compensation program might have an impact on student outcomes. But again, evidence indicates that the design of a compensation program has no bearing on student outcomes or teacher effectiveness. Collectively, there is no overwhelming evidence to suggest that school level incentives are more effective than individual incentives. Additionally, research suggests that the overall monetary value of the incentive does not impact teacher effectiveness and student outcomes (some districts offered \$15,00 per individual teacher, others offered as little as \$350). Table 6 summarizes some of the programs around the country, many of which have been evaluated to determine their impact on student achievement and teacher retention.

Table 6. Summary of Performance-Based Compensation and Incentive Plans in the United States

State	Description	Type	Impact	Notes
Arkansas Achievement Challenge Pilot	<ul style="list-style-type: none"> · Gave teachers bonuses for students' gains on standardized assessments · Bonus range \$350-\$7,600; average is \$1,585 	<ul style="list-style-type: none"> · Incentives 	<ul style="list-style-type: none"> · Positive impact on achievement in math and reading · However, evaluation has methodological limitations, which limit reliability and generalizability of findings 	
Arkansas Fountain Lake Cobra Pride Incentive Program	<ul style="list-style-type: none"> · Performance-based program that rewarded all employees for student achievement gains 	<ul style="list-style-type: none"> · Incentives · Schoolwide · 	<ul style="list-style-type: none"> · No evidence that incentive program had a positive impact on student achievement 	
Denver. Colorado Professional Compensation Program (ProComp)	<ul style="list-style-type: none"> · Compensation reforms are part of the salary schedule rather than solely as bonuses on top of the traditional salary schedule. · Measures of teachers' knowledge and skills, professional evaluations, labor market incentives, and student growth play a role in determining a percentage of the salary index. · Only a small part of a teacher's overall compensation is based on performance 	<ul style="list-style-type: none"> · Voluntary 	<ul style="list-style-type: none"> · Teachers who chose to participate produced slightly higher math/science achievement · Teacher retention has improved · Emphasis on data and instruction may have impacted professional practices of teachers · However, evaluation has methodological limitations, and researchers are unable to disentangle effects of all reforms. 	<ul style="list-style-type: none"> · Voters approved \$25 million tax to fund program
Florida Merit Award Program	<ul style="list-style-type: none"> · Legislature mandated a performance-based system that includes student achievement · Districts can devise their own plan · State law dictates that teacher salary raises must be based, in part, on evaluation ratings · Incentive awards range from 5-10 percent of average teacher salary 	<ul style="list-style-type: none"> · Performance-based 	<ul style="list-style-type: none"> · No evidence that external evaluation has been conducted. · Half of teachers (46 percent) were supportive of performance-based pay using student achievement data. · Teachers with 1-3 years of experience were more supportive of pay-for-performance than teachers with more than 20 years of experience · Teachers in elementary schools were less supportive of incentive pay · Teachers who had a positive view of their principal's leadership ability were more supportive of performance pay. 	<ul style="list-style-type: none"> · In evaluation system: 60 percent of evaluation based on student proficiency or learning gains; 40 percent based on principal evaluation

OCTOBER 2016	POLICY REPORT			
State	Description	Type	Impact	Notes
Hillsborough County, Florida POWER	<ul style="list-style-type: none"> · Incentive program for teachers working in high-need schools · Criteria for eligibility for an incentive based on performance ratings and student achievement · Can earn up to 5 percent of salary (in addition to MAP incentive) 	<ul style="list-style-type: none"> · Incentive program 	<ul style="list-style-type: none"> · No evidence that external evaluation has been conducted. 	<ul style="list-style-type: none"> · Cost of program was \$3.1 million annually · Received Gates Foundation funds to develop new teacher evaluation system
Prince George's County, Maryland	<ul style="list-style-type: none"> · FIRST incentive program · Teachers could earn up to \$10,000 in incentive pay for engaging in "continuous improvement" and designated program activities 	<ul style="list-style-type: none"> · Voluntary · Performance-based 	<ul style="list-style-type: none"> · No evidence that external evaluation has been conducted. · Self-reported findings include "increased collaboration between teachers around instruction to result in increased student achievement, a collective knowledge among teachers and administrators around instruction expectations, program flexibility, and increased quality of and opportunity for professional development." 	<ul style="list-style-type: none"> · District officials note that these programs require significant resources and staff time to administer
Washington County Public Schools, Maryland	<ul style="list-style-type: none"> · Uses 3 performance-based compensation models · "Sought to reward teacher leadership, recognize the unique responsibilities of a school administrator based on the needs of the school community, and/or reward effective and highly effective teachers (and school-based administrators) teaching under-resourced, low-income students in high-needs schools or in hard-to-staff subjects." 		<ul style="list-style-type: none"> · Survey analysis, no rigorous evaluation has been conducted · Programs "led to increased professional development, greater collaboration between teachers and administrators, recognition of the unique needs of each school, and the potential for developing teachers as leaders." · However, district officials worried about: difficulty finding evaluation measures/ instrument; difficulty measuring teacher impact; disparities between teachers; and creation of perverse incentives 	<ul style="list-style-type: none"> ·

OCTOBER 2016	POLICY REPORT			
State	Description	Type	Impact	Notes
Minnesota Quality Compensation (Q-Comp)	<ul style="list-style-type: none"> · Compensation based on 5 components, including student growth/achievement · Districts must demonstrate how at least 60 percent of a teacher's pay increase aligns with teacher performance measures, which includes student achievement, school achievement, and research based measures. · Districts can offer additional pay for hard to staff schools and subjects · Average bonus is \$1,800; maximum bonus is \$2,000. · Tenured teachers evaluated once every 3 years; non-tenured teachers are evaluated in years 1-3. Teachers can be non-renewed in first 3 yrs. 	<ul style="list-style-type: none"> · Voluntary 	<ul style="list-style-type: none"> · Little effect on student performance. · Only significant positive impact was an increase in reading scores. · Researchers found most of funding not used on teacher pay raises but instead, "district initiatives such as teacher evaluations or paying substitutes to allow teachers to work together on lesson planning." · Of \$2,200 of the amount that was distributed to teachers, only \$233 as directed at student achievement gains. · Concern that the program is no longer based on performance. In 2014, 99 percent of teachers received performance-based pay, although only 20 percent received the maximum bonus award. 	<ul style="list-style-type: none"> · Allocation for initial program rollout was ~\$80 million · In 2015, state adopted new teacher evaluation system. Cost for statewide adoption is \$70-\$200 million.
Le Crescent, Minnesota	<ul style="list-style-type: none"> · Aimed at addressing teacher retention · Does not link compensation directly to student performance · Instead, teachers are evaluated based on "planning and preparation; classroom environment; classroom performance; and professional responsibilities." 	<ul style="list-style-type: none"> · Performance-based 	<ul style="list-style-type: none"> · No evidence that external evaluation has been conducted. 	<ul style="list-style-type: none"> · Concern about added workload of teachers, administrators · Concern about fairness
North Carolina Race to the Top	<ul style="list-style-type: none"> · \$1,500 bonus awarded for meeting growth targets · Eligible staff are those in the lowest 5% of schools (measured by performance) · Offers \$500 to individual teachers in tested subjects who exceed expected growth. 	<ul style="list-style-type: none"> · School based performance incentive · Individual · Eligible to all staff at "high growth" school 	<ul style="list-style-type: none"> · Formal evaluation finds limited impact. · However, teachers self-reported that growth efforts in their schools had improved. · While teachers recognized that the incentive provided "extra motivation," only 22 percent reported tangible changes to teaching practice that resulted from being eligible for the performance incentive. 	

OCTOBER 2016	POLICY REPORT			
State	Description	Type	Impact	Notes
Greensboro, North Carolina Mission Possible Program	<ul style="list-style-type: none"> · Incentive program designed to attract teachers to high needs schools · Teachers are offered recruitment or retention bonuses to work in Mission Possible schools. · Bonuses vary (\$2,500 for teachers in grades K-5; \$10,00 for teachers of Algebra 1) · Student achievement increase bonus (\$2,500-\$4,000) · Poor growth results in transfer out of Mission Possible school 	<ul style="list-style-type: none"> · Voluntary · Individual · Recruitment bonus · Performance-based bonus 	<ul style="list-style-type: none"> · 2010 Evaluation found higher rates of teacher and principal evaluation · Number of teachers earning performance-based awards increased over time · Student test scores and graduation rates were higher than district average 	
North Carolina Accountability, Teaching the Basics, and Local Control (ABC)	<ul style="list-style-type: none"> · Incentive program · Teachers in school with high growth on state tests received bonus · Teachers could receive \$750-\$1,000 if results exceeded growth expectations 	<ul style="list-style-type: none"> · School based · Performance-based 	<ul style="list-style-type: none"> · Evaluation of program found increase in math and reading proficiency scores · However, did not reduce achievement gap · Researchers noted many reforms implemented at the same time · Difficult to attribute impact directly to program 	<ul style="list-style-type: none"> · Program discontinued in 2009, morphed into Race to the Top (previous page)
Charlotte-Mecklenburg Schools, North Carolina	<ul style="list-style-type: none"> · Student growth data linked to compensation · Teachers who demonstrated high growth earned 15 percent bonus · Only teachers in tested subject eligible, later expanded to all teachers 	<ul style="list-style-type: none"> · Performance-based · Individual 		<ul style="list-style-type: none"> · Received external funds · State moved from simple growth to value-added model
Charlotte-Mecklenburg Schools, North Carolina Strategic Staffing Initiative (SSI)	<ul style="list-style-type: none"> · Incentive to attract high quality teachers to high need schools · Teachers/principals receive 10a percent increase in base salary to move to high needs school · Signing bonus of \$10,000 if teacher moves as part of principal's team 	<ul style="list-style-type: none"> · Incentive · Individual 	<ul style="list-style-type: none"> · Evaluation found SSI schools associated with increases in student scores on math, science, and reading proficiency exams · Closed achievement gap in math, but not in reading 	

OCTOBER 2016	POLICY REPORT			
State	Description	Type	Impact	Notes
North Carolina High Needs Incentives	<ul style="list-style-type: none"> · In 2001, North Carolina gave bonus of \$1,800 to certified math, science, Special Ed teachers working in high-poverty schools 	<ul style="list-style-type: none"> · Incentive 	<ul style="list-style-type: none"> · Evaluation found bonus reduced teacher turnover by 12 percent. · Experienced teachers had strongest response to the program 	
New York, New York Schoolwide Performance Bonus Program (SPBP)	<ul style="list-style-type: none"> · Performance targets established. · Bonuses up to \$3,000. · District later raised proficiency thresholds. · In first year, 62 percent of eligible schools received bonuses; in second year, 84 percent of schools received bonus. 	<ul style="list-style-type: none"> · School wide · Voluntary · Performance-based 	<ul style="list-style-type: none"> · Rigorous evaluation found that the program did not improve student achievement or school performance · Program did not impact teachers' attitudes · Researchers cautioned that officials must understand conditions that foster motivation 	<ul style="list-style-type: none"> · Program suspended in 2011 · Total cost of \$54 million
Tennessee Project on Incentive in Teaching	<ul style="list-style-type: none"> · Teachers could earn \$15,000 award; lower amounts available · Based on student performance in middle school math 	<ul style="list-style-type: none"> · Performance-based 	<ul style="list-style-type: none"> · Using randomized controlled experiment, RAND Corporation evaluation found increase in math scores for 5th graders, but no long-lasting effect 	
Texas District Awards for Teacher Excellence (DATE)	<ul style="list-style-type: none"> · All districts eligible · Districts given the option of applying for all schools or select schools · Districts required to use 60 percent of funds to directly reward teachers based on student achievement; 40 percent of funds distributed to other personnel, professional development, or district capacity building 	<ul style="list-style-type: none"> · Incentive · Voluntary · Individual and Group Evaluation 	<ul style="list-style-type: none"> · Achievement gaps decreased in DATE schools · Academic gains faster in DATE schools · Students in DATE <i>select schools</i> had higher gains in math/reading tests than students in DATE districts · Size of award was correlated with increases in math scores · Higher retention rates among teachers who received awards · Higher retention when evaluation based on both group and individual performance 	<ul style="list-style-type: none"> · Cost was \$197 million · Discontinued; morphed into TEEG
Texas Educator Excellence Grants (TEEG)	<ul style="list-style-type: none"> · Grants to high-poverty, high-performing schools. · Grants given to schools (\$40,000-\$295,000). · Individual awards less than \$3,000 · 75 percent of award for teacher incentives; 25 percent of award for faculty collaboration. 	<ul style="list-style-type: none"> · Performance-based · Individual performance 	<ul style="list-style-type: none"> · Rigorous evaluation found that retention increased with size of award · No impact on student achievement 	<ul style="list-style-type: none"> · \$100 million in funding annually · Relies on student achievement data

OCTOBER 2016		POLICY REPORT		
State	Description	Type	Impact	Notes
Texas Governor's Educator Excellence Grant (GEEG)	<ul style="list-style-type: none"> · Grant amount ranges from \$60,000-\$220,000 · Given to high-poverty, high-performing schools · 75 percent of award for teacher incentives; 25 percent of awards for faculty collaboration that is directly linked to student achievement · Program later revised to reward all teachers regardless of performance 	<ul style="list-style-type: none"> · Performance-based (later revised) · Individual 	<ul style="list-style-type: none"> · Rigorous evaluation found that retention increased with size of award and failure to receive award predicted teacher turnover · No impact on student achievement 	<ul style="list-style-type: none"> · \$10 million in noncompetitive, 3 year grants to 99 schools · Relied heavily on student achievement data
Round Rock, Texas	<ul style="list-style-type: none"> · Based on growth in 9 middle schools · Bonuses ranged from \$3,800 to \$5,500 	<ul style="list-style-type: none"> · Performance-based 	<ul style="list-style-type: none"> · RAND Corporation evaluation found intervention had no impact on student scores in any subject 	<ul style="list-style-type: none"> · Randomized controlled experiment
Washington, DC IMPACT	<ul style="list-style-type: none"> · Bonus directly linked to student outcomes · Highly effective teachers received \$25,000 bonus 	<ul style="list-style-type: none"> · Performance-based 	<ul style="list-style-type: none"> · Voluntary teacher attrition increased by 50 percent among teachers who received minimally effective rating · Performance increased for highly effective teachers · Program improved "teacher retention and performance" 	<ul style="list-style-type: none"> · If teacher is rated as ineffective or minimally effective for two straight years, they are dismissed.

Summary of Issues Related to Incentive Programs

Based on the findings reported in several studies, one striking conclusion is that performance-based compensation plans have achieved some, albeit, limited success. Strong, consistent evidence that performance-based programs have had a substantial positive impact on student achievement has yet to emerge. This may be, in part, because many of the evaluations were administered only a few years after performance-based incentive programs had been implemented. Or, this may be because many of the states and districts undertook a variety of reforms simultaneously as they were adopting performance-based compensation plans, thus making it difficult to truly isolate and assess the impacts of the performance-based programs. There are, however, several conclusions that emerge from a review of the studies and the literature.

Teacher Retention

While there is an absence of methodologically rigorous analysis confirming a positive link between performance-based programs and incentives and student achievement, the evidence linking performance-based programs and incentives to teacher retention appears more consistently positive and significant. Given the seemingly more robust relationship between performance-based compensation and teacher retention, district officials and policy makers may want to view these programs not as an effective means of increasing student achievement, but as a way primarily to address teacher retention or turnover, or to attract highly effective teachers to under-performing schools.

Additionally, district and state education officials could consider using performance-based incentives to address teacher absenteeism, which has significant impact on academic achievement. Research reveals that students perform worse in math and are less engaged in school when their teachers miss at least 10 days of school.³⁷ Based on recent data from the Education Week Research center, Nevada has the second highest absenteeism rate for teachers in the country. Almost half of all teachers (49 percent) miss 10 or more days of school each year. This is almost twice the national rate of 25 percent.³⁸ Districts may want to consider performance-based bonuses to address teacher absenteeism.

Size of Incentives

Several studies have tried to determine whether the size or value of performance-based or incentive awards has any impact on positive outcomes. For instance, one study looked at data from New York City and found that “it would be necessary to pay teachers an additional \$2,900 to induce them to teach in a classroom with a 25-percentage point increase in the proportion of minority students but only an additional \$350 to teach in a classroom with a 25-percentage point increase in the proportion of students receiving free or reduced price lunch.”³⁹ Another study found that “a California program offering a \$20,000 incentive for academically talented novice teachers to work in low-performing schools for at least four years increased their probability of them taking such a position by 23 percentage points.”⁴⁰

A 2013 multi-site, randomized experimental national study provided targeted incentives of \$20,000 to encourage high-performing teachers to transfer and fill vacancies in under-performing schools. The experiment was implemented in ten diverse districts around the country, including 40 elementary schools with high free and reduced lunch populations. An evaluation found that the program had a positive effect on both student outcomes and teacher retention.

Specifically, the evaluation of the intervention revealed that a “\$20,000 incentive for high-performing teachers to move to low-performing schools helped raise the math and reading test scores of elementary students by 4 to 10 percentile points,” although there was no impact in middle schools.⁴¹ The program also had a positive impact on teacher-retention rates during the first two years while transfer teachers received incentive payments. Ninety-three percent of teachers who received the incentives remained in their new schools during that period, versus 70 percent of traditionally hired teachers. And 60 percent of those teachers continued to teach in the low-performing schools in their third year, after the incentives ended.

The findings of this experimental study suggest that teacher incentives could be a cost-effective alternative to other existing programs, particularly class size reduction funds. Researchers note that in comparison to reducing class size, the cost of producing these academic gains through targeted incentives were estimated to be \$7,000 cheaper than it would have been to reduce class size by adding enough teachers to produce a similar academic outcome. For example, in elementary schools, the incentive program was \$13,000 cheaper than the class-size reduction benchmark.⁴²

Incentives to Fill Hard-to-Fill positions

Research suggests that efforts to attract highly effective teachers to high-poverty, low achievement schools have been mixed. In some cases, teachers left after the bonuses ended and there was no improvement in student achievement. However, in other instances, teacher retention improved (even after the bonus ran out) and there was some impact on student gains.

Research suggests that a 20 percent to 50 percent premium is required to induce teachers to teach in hard-to-staff schools. Yet, as stated, even then results are mixed and successful outcomes are not guaranteed.⁴³ According to researchers, “Rather than one-size-fits-all incentives for every teacher, hard-to-staff pay plans that work best most likely will include scaled performance bonuses with very significant performance rewards for teachers who increase student progress more. Research suggests that such plans would attract and retain more high performers. Pay opportunity is one way to send the signal that the highest performance is particularly valued and rewarded in this setting.”⁴⁴

Ultimately, significant restructuring of chronically low-performing schools to make them places where high achievement by both students and teachers is expected and supported is a necessary condition for effective performance-based or incentive programs.

Teacher Attitudes

Many studies have examined the relationship between performance-based compensation plans and teacher attitudes. Not surprisingly, opinions varied, although teachers seem moderately supportive of performance-based compensation plans. One 2009 study found that teachers' opinions on financial incentives varied, depending on how the incentive were determined:

- 80 percent of teachers favored incentives for “teachers who work in tough neighborhoods with low-performing schools”
- 58 percent supported incentives for “teachers who consistently receive outstanding evaluations by their principals”
- 53 percent favored incentives for “teachers who specialize in hard-to-fill subjects such as science or mathematics”
- 42 percent favored “teachers whose students routinely score higher than similar students on standardized tests.”⁴⁵

In 2006, researchers at the Center on Reinventing Public Education surveyed teachers in Washington. While 83 percent opposed performance-based awards, 72 percent supported incentives for teaching in high-needs schools, and 41 percent supported incentives for teachers in hard-to-fill subjects.

Experienced and new teachers and teachers teaching different grade levels had different views on these topics. Veteran teachers were slightly less supportive of performance-based compensation programs than new teachers. High school teachers were more supportive. Interestingly, teachers who expressed a high degree of trust for their principals were almost twice as likely to be supportive of performance-based compensation pay.⁴⁶

Summarizing the literature on teacher attitudes on performance-based compensation programs, several conclusions emerge. First, teachers appear more likely to support performance-pay programs targeted to high-needs schools than to all schools. Second, new teachers appear to be more receptive to performance-pay programs than veteran teachers. Teachers are likely to support performance-based compensation programs that rely on several evaluation methods (e.g., principal evaluation, student test score growth, peer evaluations, surveys, etc.) as opposed to only one evaluation measure. Teachers are more likely to support performance-based compensation programs that are based on an evaluation of the group of teachers or a combination of group and individual evaluation, rather than an individual evaluation. Finally, teachers appear to be more supportive of performance pay if they trust their principals.⁴⁷

Individual Versus School-Based Compensation

The evidence on whether education policy makers should implement individual pay-for-performance or school-based models is mixed. Some studies have shown that when teachers' pay is linked to students' academic outcomes, achievement increases.⁴⁸ However, other studies have noted that individual merit

pay has negative consequences for teacher collaboration and commitment.⁴⁹ Often, when individual incentive programs evaluate teacher performance to determine (the size of) rewards, educators tend to criticize the assessment instruments. Concerns regarding the fairness of the evaluation framework can adversely impact teacher effectiveness (and buy-in). Similarly, individual-based incentive programs increase competition among teachers and may undermine collaboration.⁵⁰

Some research based on analysis of district level experiments finds a positive relationship between school-based performance incentives and student achievement, teacher retention, and teacher satisfaction. However, a randomized study in New York City conducted by RAND Corporation found no impact of the school-based performance-based compensation program on academic outcomes. The study authors attributed this finding to “‘free-riding’ teachers who, because there was little monitoring or individual accountability for group goals, may not have put in the requisite effort to improve student test scores.”⁵¹

Best Practices

In this section, we summarize best practices that research teams and policy makers have offered following their experiences with the implementation and evaluation of various performance-based compensation programs.

Clarity Around Measurement and Evaluation

An essential requirement of successful performance-based compensation programs is rigorous data that can accurately assess teacher performance in order to inform appropriate compensation.⁵² However, experts agree that models that attempt to evaluate and account for teacher performance are messy, complicated, and expensive, and most evaluation systems are not sufficiently rigorous; “there are still few proven ways to measure teacher effectiveness beyond test scores.”⁵³ In districts that use these performance-based models, “teachers are often unable to identify why they did or did not receive a performance incentive.”⁵⁴

However, research underscores the importance of using a variety of “fair and proven” measurements and data points to assess teacher performance and reliably distinguish among levels of teacher effectiveness.⁵⁵ Programs that relied solely on standardized test scores, for example, have faced political opposition subsequently forcing some states to revise their performance-based compensation programs. More importantly, the lack of clear understanding can impact the overall effectiveness of the program, either by failing to influence the desired behavioral responses, or by instigating opposition to the program. After finding no significant relationship between student achievement and school-based team bonuses, RAND researchers noted that “teachers in both the control and study groups did not understand and/or had misgivings about the program. These findings indicate limited utility in collective pay-for-performance models and highlight the importance of teacher understanding and “buy-in” for such programs.”⁵⁶

Additionally, since almost 70 percent of teachers cannot be tied directly to tests of student achievement, districts that want to provide incentives to a broad range of licensed educational professionals should include additional performance measures. Among the measures that school districts have used are: value-

added estimates of teacher effectiveness, surveys, peer and principal evaluations, and the teacher's portfolio of work.⁵⁷ As the evaluators of the Texas DATE program noted, "States and districts must institute valid systems that track the contributions of individual teachers to student learning gains. Ongoing improvement of student testing to measure student learning progress accurately is an important complement to pay reform. Without quality measures of learning, teachers will doubt the fairness of pay reforms based on assessment results."⁵⁸ Experts caution that districts should refine their teacher evaluation systems until teachers and principals have confidence in these new systems before tying them to compensation. As noted in one study, "Performance pay plans that both get the best results and that employees prefer [...] are based on fair measures related to performance; reward all important goals of a job; include frequent feedback on progress during the year; provide substantial, motivating rewards for higher performance; and reward high-average, not just stellar, performers."⁵⁹

School Culture

For maximum effect, performance-based compensation programs should be aligned with other reforms to improve student achievement and working conditions at the school sites. Research indicates that the most effective performance-based compensation programs are "implemented as part of a broader, holistic retention strategy, rather than as standalone initiatives."⁶⁰ This is because compensation is only one factor that influences an individual's decision to enter (and remain) in the classroom. Other considerations are strong principals, skilled and supportive colleagues, adequate resources for teaching, smaller student loads, autonomy, high-quality professional development, and safety.⁶¹ These considerations should be incorporated into incentive programs designed to improve recruitment and retention.⁶² As noted by Jensen et al (2010), "Policies that create salary structures that compensate teachers for working in more difficult school environments may not effectively retain teachers unless work conditions are also improved."⁶³

A report authored by the Education Commission of States noted that where performance-based programs have demonstrated some success, they are usually coupled with other programs and/or comprehensive reform efforts (e.g., job-embedded professional development, professional learning communities, school leadership teams).⁶⁴ Research indicates that mentoring and induction programs are promising workplace incentives that may help to improve teacher retention.⁶⁵ Washington, D.C.'s IMPACT model provides teachers with personalized coaching and online access to instructional resources.⁶⁶ And in Charlotte-Mecklenburg Schools, performance-based incentives were accompanied by teacher transfer incentives and efforts to grant principals greater autonomy.⁶⁷

Sustainability

Experts caution that districts and policy makers should identify the long-term sustainability of a performance-based compensation program. As noted above, these programs are costly both in terms of direct resources as well as time to administer and oversee. Many of the states and districts who

implemented performance-based compensation and incentive programs received external funds from foundations, including the Bill and Melinda Gates Foundation.

Nevada Landscape

As noted previously, the standard way states and school districts provide compensation to teachers is through salaries and benefits. Historically, these compensation programs have been calculated largely based upon years of teaching experience as well as levels of educational attainment.

Stagnant academic outcomes and even declining academic performance in many state and districts around the country have forced decision makers to reconsider how teachers are compensated (see Table 7 that illustrates quality of teaching professionals in Nevada).

As Governor Sandoval noted in his “Nevada at 150” annual report of the state publication, “achievement gaps remain and there is no progress with low performing schools. Many of the Silver State’s underperforming schools have been failing for more than a decade and the numbers continue to rise: sadly, the number of one-star schools (reported in the Nevada School Performance Framework) in Nevada increased from 19 in 2012-13 to 27 in 2014-15. The continued achievement gaps prompted Governor Sandoval to propose several new programs in the 78th Legislative Session designed to “strengthen the existing pay for performance laws, requiring districts to set aside money to reward the very best teachers and principals, and to attract teachers to underperforming and other high need schools.” Proposed legislation also substantially increased the Silver State’s commitment to teacher and leader preparation, retention, and professional development through a new fund, which seeks to improve the teaching profession, attract new teachers, and train high quality leaders in our schools.⁶⁸

As noted by the Legislative Counsel Bureau (2012), “Changing the way teachers are paid, to include student performance outcomes or incentives for teaching in at-risk schools, is gaining support in districts and states across the country.”⁶⁹ A significant body of research indicates that teacher quality is highly correlated to student achievement.⁷⁰

Table 7. Teacher Quality in Nevada⁷¹

	2009	2011	2013	2015
Delivering Well Prepared Teachers	D-	D-	D-	D-
Expanding the Pool of Teachers	D-	D+	D	D
Identifying Effective Teachers	D-	B-	B-	C-
Retaining Effective Teachers	D	C-	D+	C-
Exiting Effective Teachers	D+	B-	B	B+
Pensions				C-
Averall Grade	D-	C-	C-	C-
Average U.S. Grade	D	D+	C-	C-

As was done in Florida, Maryland, North Carolina, and Washington, D.C., Nevada also, in recent years, has started down the pathway of exploring different models of teacher compensation systems, particularly models that include performance measures.

During the 2015 78th Nevada Legislative Session, lawmakers approved a several programs aimed at recruiting and retaining teachers. Table 8 presents data on most of education-related programs that were funded in 2015.^c The columns show the funds that have been disbursed to school districts through April 2016. The columns highlighted in green indicate those earmarked for recruiting and retaining teachers. Among the programs are: Great Teaching and Leading Fund, the Teach Nevada Scholarship, New Teacher Incentives, and Teacher Supplies Reimbursement Fund. Almost 8 percent of all education-related funds target teacher recruitment and retention. Interestingly, teacher-related funds make up a significant share of total funds in Lincoln County School District (almost 40 percent), Mineral County School District (10 percent), and State charters (almost 11 percent). It accounted for 8 percent in Clark County School District and 6 percent in Washoe County School District.

^c This list includes categorical funds. It does not include programs funded through the Distributive School Account (e.g. classroom size reduction, etc.).

Table 8. FY 2016 State Funding Allocations for Educational Programs, by District (Through April 2016)

FY2016 State Funding Allocations by District through April 2016																			
District	Zoom	Victory	Full Day K	Read by 3	NV Ready 21	Turnaround	Social Worker	Great Teaching and Leading	Teach Nevada Scholarship	New Teacher Incentives	Teacher Supplies Reimburse.	Peer Assist & Review	CTE	College & Career / AP / GATE	Jobs for America's Graduates	Total	Total for Teacher Recruitment, Retention	Teacher \$ as % of Total	County % of Totals
Carson	\$ 915,016	\$ -	\$ 1,796,469	\$ 400,000	\$ 1,481,538	\$ -	\$ 443,751	\$ 254,000	\$ -	\$ 120,000	\$ 46,331	\$ -	\$ 361,560	\$ 305,811	\$ 68,711	\$ 6,193,187	\$ 420,331	6.8%	2.95%
Churchill	\$ 182,343	\$ -	\$ 457,682	\$ 191,223	\$ 425,335	\$ -	\$ 106,501	\$ -	\$ -	\$ 20,000	\$ 17,772	\$ -	\$ 172,629	\$ 229,999	\$ -	\$ 1,803,485	\$ 37,772	2.1%	0.86%
Clark	\$39,350,342	\$20,945,004	\$51,068,230	\$2,261,135	\$ 9,202,980	\$ 467,063	\$4,196,777	\$ 977,285	\$ -	\$8,320,000	\$1,703,469	\$1,000,000	\$ 6,479,619	\$ 4,728,138	\$ 508,504	\$151,208,546	\$12,000,754	7.9%	71.92%
Douglas	\$ 220,661	\$ -	\$ 1,025,557	\$ 277,332	\$ -	\$ -	\$ 275,126	\$ -	\$ -	\$ -	\$ 38,318	\$ -	\$ 624,577	\$ 231,444	\$ -	\$ 2,693,015	\$ 38,318	1.4%	1.28%
Elko	\$ 739,280	\$ 1,102,189	\$ 2,007,868	\$ 100,995	\$ 796,394	\$ -	\$ 246,401	\$ -	\$ -	\$ 52,000	\$ 62,973	\$ -	\$ 283,812	\$ 147,450	\$ 78,270	\$ 5,617,633	\$ 114,973	2.0%	2.67%
Esmeralda	\$ 8,589	\$ -	\$ 56,531	\$ 274,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ 616	\$ -	\$ -	\$ -	\$ -	\$ 348,211	\$ 8,616	2.5%	0.17%
Eureka	\$ 3,964	\$ -	\$ 28,266	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,774	\$ -	\$ -	\$ -	\$ -	\$ 35,004	\$ 2,774	7.9%	0.02%
Humboldt	\$ 304,565	\$ 97,821	\$ 448,255	\$ -	\$ -	\$ 50,445	\$ 72,776	\$ -	\$ 36,800	\$ 64,000	\$ 20,341	\$ -	\$ 92,174	\$ 71,935	\$ 44,564	\$ 1,303,675	\$ 121,141	9.3%	0.62%
Lander	\$ 62,102	\$ -	\$ -	\$ -	\$ 185,881	\$ -	\$ 39,051	\$ -	\$ -	\$ 21,000	\$ 7,191	\$ -	\$ 68,070	\$ -	\$ -	\$ 383,295	\$ 28,191	7.4%	0.18%
Lincoln	\$ 7,928	\$ -	\$ 84,797	\$ -	\$ -	\$ -	\$ -	\$ 149,428	\$ -	\$ 16,000	\$ 8,424	\$ -	\$ 98,084	\$ -	\$ 74,237	\$ 438,898	\$ 173,852	39.6%	0.21%
Lyon	\$ 346,187	\$ -	\$ 1,709,734	\$ -	\$ -	\$ -	\$ 211,676	\$ 82,470	\$ -	\$ 90,000	\$ 50,030	\$ -	\$ 338,706	\$ 74,953	\$ 45,685	\$ 2,949,440	\$ 222,500	7.5%	1.40%
Mineral	\$ 9,249	\$ -	\$ 169,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ 4,006	\$ -	\$ 74,358	\$ 10,009	\$ 35,632	\$ 332,848	\$ 34,006	10.2%	0.16%
Nye	\$ 243,124	\$ 103,508	\$ 1,285,470	\$ -	\$ -	\$ 140,000	\$ 210,176	\$ -	\$ -	\$ 180,000	\$ 28,456	\$ -	\$ -	\$ 81,460	\$ 8,518	\$ 2,280,712	\$ 208,456	9.1%	1.08%
Pershing	\$ 31,051	\$ -	\$ 240,373	\$ -	\$ -	\$ 7,701	\$ -	\$ -	\$ -	\$ 8,000	\$ 5,856	\$ -	\$ 108,325	\$ 416	\$ -	\$ 401,722	\$ 13,856	3.4%	0.19%
Storey	\$ 661	\$ -	\$ 67,715	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,390	\$ -	\$ 14,476	\$ 10,402	\$ -	\$ 96,644	\$ 3,390	3.5%	0.05%
Washoe	\$ 6,935,838	\$ 2,601,348	\$10,215,258	\$1,000,000	\$ -	\$ 31,920	\$ 140,226	\$ -	\$288,000	\$ 960,000	\$ 383,019	\$ -	\$ 1,487,788	\$ 2,662,978	\$ 435,147	\$ 27,141,521	\$ 1,631,019	6.0%	12.91%
White Pine	\$ 21,802	\$ -	\$ 332,673	\$ 154,672	\$ 179,550	\$ 104,079	\$ 39,051	\$ -	\$ -	\$ 40,000	\$ 8,629	\$ -	\$ 76,531	\$ -	\$ 42,281	\$ 999,269	\$ 48,629	4.9%	0.48%
State Charters	\$ 517,298	\$ -	\$ 2,282,780	\$ 219,656	\$ 1,843,942	\$ 258,978	\$ 196,350	\$ 541,056	\$ -	\$ -	\$ 108,227	\$ -	\$ -	\$ 52,470	\$ -	\$ 6,020,758	\$ 649,283	10.8%	2.86%
TOTAL	\$49,900,000	\$24,849,870	\$73,277,251	\$4,879,489	\$14,115,622	\$1,060,186	\$6,177,862	\$2,004,239	\$324,800	\$9,929,000	\$2,499,823	\$1,000,000	\$ 10,280,709	\$ 8,607,464	\$1,341,549	\$210,247,863	\$15,757,862	7.5%	100%

Performance-Based Compensation Plans

Pay Performance and Enhanced Compensation (Assembly Bill 483)

In 2011, the Nevada Legislature passed Assembly Bill 229, which proposed changing the way teachers are compensated. Specifically, it begins transitioning away from a model that provides compensation using a ‘step and column’ model to one that provides compensation based on performance (which is linked to improved academic outcomes). The statute requires “the board of trustees of each school district to: (1) establish a program of performance pay and enhanced compensation for the recruitment and retention of licensed teachers and administrators; and (2) implement the program commencing with the 2014–2015 school year.”

In 2015, the Nevada Legislature passed Assembly Bill 483, which amends provided more specific guidance on the performance pay and enhanced compensation model (established by NRS 391.168).⁷²

Specifically, the legislation requires that each school district shall annually “reserve for each fiscal year a sum of money sufficient to pay an increase in base salaries, not to exceed 10 percent, for not less than 5 percent of the teachers and administrators employed by the school district.”⁷³ This new system will be implemented in 2016–2017 school year. Additionally, AB 483 eliminates the “requirement that the program of performance pay and enhanced compensation be the subject of collective bargaining.”⁷⁴ Moreover, the legislation requires the school district to prioritize implementation of the performance pay and enhanced compensation program and the disbursement of funds to the “lowest-rated schools” (based on the Nevada School Performance Framework).⁷⁵

Based on the broad guidelines of the legislation, we provide a preliminary analysis of the potential fiscal impact of the performance pay model (see Table 9). The fiscal impact ranges from an annual \$1.8 million on the low end to \$3.7 million on the high end of the range).

Despite the guidance, there is tremendous variation across school districts in how they have decided to implement AB 483 in 2016–2017. Table 10 provides a comparison of the school district plans. For example, although 95 of the 343 rated schools in Clark County School District are 1 or 2 star schools, the district is planning on distributing AB 483 funds only in 4 schools for a total amount of \$400,000. Despite explicit guidance from the Nevada Department of Education, only five school districts (Elko, Esmeralda, Lander, Pershing, and Washoe) have linked the financial bonus to performance. Other school districts are giving bonuses to all licensed teachers and administrators (Carson City) or to all licensed teachers and administrators at select schools (Lincoln and Storey County School Districts). Collectively, school districts have allocated \$2.1 million collectively to AB 483, which is within the Guinn Center’s estimated range (\$1.8–\$3.7 million).

Researchers Johnson and Papay suggest that any district exploring a performance-based compensation question should ask (and answer) three questions to inform the design of the compensation framework:

1. Which measures will be used in assessing performance— standardized tests, professional evaluation, or a combination of both?

2. Whether state leaders and/or district officials will identify top performers using relative rankings or a fixed standard? and

3. Whether state leaders and/or district officials will provide awards at the individual or group (e.g., school) level?⁷⁶

Upon review, most districts, in distributing the AB 483 funds, are not linking the award to an individual's teacher performance. Some, but not all, are linking it to school-wide performance.

Great Teaching and Leading Fund (Senate Bill 474)

Additionally, Nevada in recent years has established a new program, the Great Teaching and Leading Fund (Senate Bill 474), that provides additional money (\$9.8 million over the 2015-2017 biennium) to support teacher recruitment and retention. Specifically, the funds are intended to support: (1) Professional development for teachers, administrators and other licensed educational personnel; (2) Programs of preparation for teachers, administrators and other licensed educational personnel; (3) Programs of peer assistance and review for teachers, administrators and other licensed educational personnel; (4) Programs for leadership training and development; and (5) Programs to recruit, select and retain effective teachers and principals."⁷⁷ The first round of awards were announced in the Fall 2015. Per the legislation, as of 2017, the Nevada State Board of Education "will coordinate activities by prescribing annual priorities for the Fund, based in part on considerations of the assessment of the training needs of teachers and administrators made by the governing body of each regional training program for the professional development of teachers and administrators."⁷⁸

The legislation also created the Advisory Task Force on Educator Professional Development to study issues relating to professional development of licensed educational professionals. By the end of 2016, the Task Force is required to submit a final report "to the Governor, the State Board of Education, the Legislative Committee on Education and the Director of the Legislative Counsel Bureau," that includes "findings and recommendations regarding budgets, changes to regulations, and legislation and the adoption of statewide standards for professional development."⁷⁹

Table 9. Estimated Cost of Pay for Performance Legislation, Guinn Center estimates

	ADMINISTRATORS							TEACHERS							O	PROJECTED COST	
	A	B	C	D	E	F	G	H	I	J	K	L	M	N		Lower End of Cost (F+M)*O	Higher End of Cost (G+N)*O
	Number of admin	5% of staff	10% of staff	Average Salary	10% of Salary (D)	Cost at 5% of staff (B*E)	Cost at 10% of staff (C*E)	Number of teachers	5% of staff	10% of staff	Average Salary	10% of salary (L)	Cost at 5% of teachers (I*L)	Cost at 10% of teachers (J*L)	% schools that are 1-2 stars NSPF		
Carson City	24	1	2	\$ 87,492	\$ 8,749	\$ 10,499	\$ 20,998	439	22	44	\$53,874	\$ 5,387	\$ 118,253	\$ 236,507	9.1%	\$ 11,705	\$ 23,410
Churchill	10	1	1	\$ 91,491	\$ 9,149	\$ 4,575	\$ 9,149	180	9	18	\$55,995	\$ 5,599	\$ 50,395	\$ 100,791	40.0%	\$ 21,988	\$ 43,976
Clark	931	47	93	\$100,064	\$10,006	\$465,798	\$931,596	18,844	942	1,884	\$50,403	\$ 5,040	\$4,748,971	\$9,497,941	27.7%	\$ 1,444,324	\$ 2,888,647
Douglas	21	1	2	\$ 99,313	\$ 9,931	\$ 10,428	\$ 20,856	385	19	39	\$53,967	\$ 5,397	\$ 103,887	\$ 207,773	7.7%	\$ 8,793	\$ 17,587
Elko	33	2	3	\$ 88,681	\$ 8,868	\$ 14,632	\$ 29,265	523	26	52	\$61,480	\$ 6,148	\$ 160,770	\$ 321,540	17.2%	\$ 30,242	\$ 60,484
Esmeralda	1	0	0	\$108,654	\$10,865	\$ 543	\$ 1,087	8	0	1	\$40,933	\$ 4,093	\$ 1,637	\$ 3,275	33.3%	\$ 727	\$ 1,454
Eureka	4	0	0	\$121,872	\$12,187	\$ 2,437	\$ 4,875	32	2	3	\$77,207	\$ 7,721	\$ 12,353	\$ 24,706	11.1%	\$ 1,643	\$ 3,287
Humboldt	15	1	2	\$101,335	\$10,134	\$ 7,600	\$ 15,200	209	10	21	\$55,551	\$ 5,555	\$ 58,051	\$ 116,102	44.4%	\$ 29,178	\$ 58,356
Lander	5	0	1	\$103,334	\$10,333	\$ 2,583	\$ 5,167	68	3	7	\$59,388	\$ 5,939	\$ 20,192	\$ 40,384	25.0%	\$ 5,694	\$ 11,388
Lincoln	9	0	1	\$ 91,634	\$ 9,163	\$ 4,124	\$ 8,247	81	4	8	\$56,640	\$ 5,664	\$ 22,939	\$ 45,878	12.5%	\$ 3,383	\$ 6,766
Lyon	43	2	4	\$ 87,213	\$ 8,721	\$ 18,751	\$ 37,502	465	23	47	\$52,434	\$ 5,243	\$ 121,909	\$ 243,818	10.0%	\$ 14,066	\$ 28,132
Mineral	3	0	0	\$104,156	\$10,416	\$ 1,562	\$ 3,125	38	2	4	\$50,036	\$ 5,004	\$ 9,507	\$ 19,014	100.0%	\$ 11,069	\$ 22,138
Nye	18	1	2	\$ 90,653	\$ 9,065	\$ 8,159	\$ 16,318	290	15	29	\$56,044	\$ 5,604	\$ 81,264	\$ 162,528	45.5%	\$ 40,647	\$ 81,293
Pershing	5	0	1	\$111,480	\$11,148	\$ 2,787	\$ 5,574	61	3	6	\$60,868	\$ 6,087	\$ 18,565	\$ 37,129	25.0%	\$ 5,338	\$ 10,676
Storey	3	0	0	\$ 53,407	\$ 5,341	\$ 801	\$ 1,602	34	2	3	\$61,764	\$ 6,176	\$ 10,500	\$ 21,000	25.0%	\$ 2,825	\$ 5,650
Washoe	219	11	22	\$ 95,379	\$ 9,538	\$104,440	\$208,880	3,538	177	354	\$53,996	\$ 5,400	\$ 955,189	\$1,910,378	17.5%	\$ 185,178	\$ 370,356
White Pine	9	0	1	\$ 90,079	\$ 9,008	\$ 4,054	\$ 8,107	80	4	8	\$51,744	\$ 5,174	\$ 20,698	\$ 41,395	62.5%	\$ 15,469	\$ 30,939
TOTAL PROJECTED COST OF IMPLEMENTATION OF PERFORMANCE PAY PLAN (AB483)																\$ 1,832,269	\$ 3,664,538

The legislation states that school districts must “reserve for each fiscal year a sum of money sufficient to pay an increase in base salaries, not to exceed 10 percent, for not less than 5 percent of the teachers and administrators employed by the school district.” Our research team assumes that “lowest-rated schools” include all schools that receive 1-2 stars in the Nevada State Performance Framework (NSPF).

Column A: Number of teaching staff in the school district

Column B: Five percent of Column A (number of teachers in the district)

Column C: Ten percent of Column A (number of teachers in the district)

Column D: Average salary of teacher

Column E: Ten percent of Column D (average teacher salary)

Column F: Ten percent of Column B (5 percent of teaching staff)

Column G: Ten percent of Column B (10 percent of teaching staff)

Column H: Number of teaching staff in the school district

Column I: Five percent of Column H (total number of administrators in the district)

Column J: Ten percent of Column H (total number of administrators)

Column K: Average salary of administrator

Column L: Ten percent of Column L (average administrator salary)

Column M: Ten percent of Column I (5 percent of administrators)

Column N: Ten percent of Column J (10 percent of administrators)

Column O: Low range of cost (Columns F and M)

Column P: High range of cost (Columns G and N)

Table 10: Stated Cost of Pay for Performance Legislation, Based on School District Reports

	# Licensed Teachers	# School Admin	# Eligible Teachers	# Eligible Admin	Fund Allocation	Est. # Teacher Awards	Est. # Admin Awards	Est. Pay, Teachers	Est. Pay, Admin	Tied to indiv evaluation?	Other Notes
Carson	498	23	25	1	\$ 60,000	498	23	\$ 100	\$ 100	No	"Certified staff have engaged in significant and meaningful PD"
Churchill	175	9	9	1	\$ 60,161	9	1			TBD	
Clark	18,362	973	5,975	298	\$ 500,000	160	8	\$ 2,900	\$4,000	No	Will give awards to teachers/admin at 4 high performing (SBAC, WIDA, ROI), at-risk schools
Douglas	408	23	22	1	\$ 50,000	78 combined		\$ 500	\$ 500	No	Funds distributed on 1st come, 1st serve basis; merit of proposal
Elko	552	33	28	2	\$ 250,000	76	6			Yes	"Only available to individuals rated as Highly Effective or Effective"; Amt of pay based on movement across NSPF or maintenance at 4/5 star schools
Esmeralda	8	2	8	2	\$ 6,858	8	2			Yes	Tied to NEPF; \$857 for Effective teachers/admin; \$1,714 for highly effective teachers/admin
Eureka	28		1	0	\$ 300	1	0	\$ 100		Unknown	
Humbolt	209	15	12	1	\$ 100,000	12	1			No	Funds will be disbursed to support site based leadership, technology cmtes, rural schools, PD
Lander	70	6	4	1	\$ 10,000			\$ 350	\$ 350	Yes	Will be awarded to all teachers/admin at top performing school based on the following: teacher attendance, PLC attendance, MAP test score growth, parent teacher conference increase
Lincoln	91	9	5	1	\$ 10,000					No	Based on NSPF rating: \$100 for teachers/ admin at 5 star school; \$75 for those at 4 star school; \$50 for those at 3 star school
Lyon	545	37	47	3	\$ 150,000	47	3	\$ 3,000		No	Focus on special ed
Mineral	NO INFORMATION AVAILABLE										
Nye	330 combined		17 combined		\$ 250,000	17 combined				No	All teachers at low-performing, at risk schools eligible for 2 days of pay for Kagan PD; \$1000 tuition reimbursement
Pershing	61	3	32 combined		\$ 11,000	32 combined				Yes	All teachers/admin will receive \$250 if at 4 star school; \$500 if at 5 star school. Highly Effective teachers will receive \$500
Storey	34	2	2	1	\$ 3,600	36 combined		\$ 100	\$ 100	No	"Each certified staff" at 3+ star schools will receive \$100 bonus
Washoe	4153	228	208	12	\$ 623,198	310	10	\$ 1,500	\$1,500	Yes	Must have Highly Effective evaluation, 90% teacher attendance
White Pine	84	6	4	2	\$ 23,450	4	2	\$ 3,611	\$4,503	No	Used to advance career of teachers (PD) & retain administrators

Teach Nevada Scholarship (Senate Bill 511)

Additionally, in 2015, the Nevada Legislature passed Senate Bill 511, which established the Teach Nevada Scholarship Program (see Table 10 for a list of recipients of SB 511) and provides \$10 million each year of the 2015-2017 biennium. The bill requires that school districts who apply for Teach Nevada Scholarship Funds use the monies to “recruit teachers to certain schools that have a high need for teachers through its program of performance pay and enhanced compensation.”⁸⁰ Specifically, school districts must use the grant money they receive to “increase the base salary of newly hired teachers at such schools for their first two years of employment,” and “provide professional development to said teachers during their first two years of employment.”⁸¹ The amount is not to exceed \$5,000 per school year. The Nevada Department of Education provided guidance to indicate that “For School Year 2016-2017, these State funds are not subject to collective bargaining.”⁸²

Teachers are not entitled to continue to receive the incentive after the 2016-17 school year, and districts shall provide professional development to each teacher who receives an incentive. A total of \$9,929,000 will be disbursed to fourteen districts for 2,457 teachers at 327 eligible schools (see Table 11). (Douglas, Eureka and Storey County did not request funding, as they do not have schools which met the criteria outlined in SB511.)

In July 2015, the State Board approved the Nevada Department of Education’s recommendation that the maximum size of the award be capped at \$4,000 to meet demand. A review of the recipients of SB 511 funds suggest that the lion’s share of the funds has been channeled to professional development.

Table 11. Distribution of Teach Nevada Scholarship and Incentive funds

New Teacher Incentives (SB511)						
District	# Schools	# Teachers	Incentive Amount	Requested by District	NDE Recommends (\$4,000/teacher)	Professional Development for SB511 Teachers
Carson	5	30	\$ 5,000	\$ 150,000	\$ 120,000	PD plan outlined for all new teachers; not differentiated by SB511 recipients
Churchill	4	5	\$ 5,000	\$ 25,000	\$ 20,000	PD plan outlined for all new teachers; not differentiated by SB511 recipients
Clark	186	2,080	up to \$5,000	\$ 9,504,000	\$ 8,320,000	30 hours PD for new to Nevada w/prior exp. and 60 hours for no prior exp. (15 more than other brand new, non SB511)
Elko	6	13	\$ 5,000	\$ 65,000	\$ 52,000	PD plan outlined for all new teachers; not differentiated by SB511 recipients
Esmeralda	1	2	\$ 5,000	\$ 10,000	\$ 8,000	
Humboldt	11	16	up to \$5,000	\$ 72,000	\$ 64,000	30 additional hours of PD for SB511 recipients
Lander	2	7	\$ 3,000	\$ 21,000	\$ 21,000	PD plan in development; no indication of differentiated by SB511 recipients
Lincoln	3	4	up to \$5,000	\$ 20,000	\$ 16,000	30 additional hours of PD for SB511 recipients
Lyon	9	30	\$ 3,000	\$ 90,000	\$ 90,000	PD plan outlined for all new teachers; not differentiated by SB511 recipients
Mineral	1	8	\$ 5,000	\$ 37,500	\$ 30,000	
Nye	45	16	\$ 5,000	\$ 225,000	\$ 180,000	
Pershing	1	2	\$ 5,000	\$ 10,000	\$ 8,000	PD plan not included
Washoe	43	240	up to \$5,000	\$ 978,375	\$ 960,000	PD plan outlined for all new teachers; not differentiated by SB511 recipients (additional tuition assistance for SB511 Special Ed)
White Pine	10	4	\$ 5,000	\$ 50,000	\$ 40,000	
Total Requested	327	2,457	N/A	\$11,257,875	\$ 9,929,000	N/A

Additional Teacher Incentive Programs

In 2013, the Nevada Legislature approved Senate Bill 405, which provided additional funds for underperforming schools (known as “Zoom Schools”) with significant populations of English Language Learners.⁸³ In 2015, the Legislature increased funding for Zoom Schools and added funding for a similar program (Senate Bill 432) that directed additional funds toward underperforming schools with significant populations of students “living in poverty.”⁸⁴

The legislation provides school districts with grant funds which they can use to provide reading skill centers, a summer academy, and professional development. Additionally, both pieces of legislation provide incentives for teachers. However, there are some differences.

Victory Schools can offer incentives from \$250 to \$3,000 to recruit and retain more teachers to the classroom in these high-needs schools. Principals can use up to 51 percent of the extra state aid for recruitment and retention incentives, among other uses. As of May, the incentives appeared to be working. Between April and May 2016, more than half of Victory Schools in Clark County School District had filled every open teaching position listed for the 2016-17 school year.⁸⁵

In contrast, Zoom School principals are only allowed to use up to two percent of their funds for incentives, parent engagement, and teacher training. For example, while Clark County School District received \$39.4 million in Zoom funds, teachers are only able to receive an incentive totaling \$350. (During the first year of Zoom School funds, principals were unable to offer incentives). One reason for the small award size is that Clark County School District has decided to distribute *school-based* awards, meaning that everyone in the Zoom school will receive the same size (value) of incentive award. Informal conversations with district officials suggest that they read the research that suggests individual performance awards can adversely impact morale and collaboration. Ironically, principals of Zoom Schools shared that they wanted

However, despite the similar legislation, the implementation has not been uniform. For example, Clark County School District officials and school leaders have confirmed that they can use Victory School funds to provide teacher incentives. In contrast, some school leaders in Clark County School District have not been able to use Zoom School funds to provide teacher incentives. According to one education official, one school district believed the Zoom school funds were subject to collective bargaining agreements. However, another school district confirmed that it believed it could use Zoom School funds for teacher incentives, but chose instead to direct the funds toward professional development.

Based on our research and analysis, we identify two areas of potential inefficiencies, which could undermine the overall impact of these performance pay and teacher incentive programs and their desired impact. First, there is little state guidance on how the school districts should implement the performance pay and teacher incentive programs. While it is important to provide flexibility to school districts (and schools and classroom teachers) so that they can implement programs in a way that reflects the needs and preferences of their students and community, the absence of consistent legal and administrative guidance may ultimately undermine the State's goals.

For example, school districts must submit performance-based compensation plans (AB 483) to the State Board of Education for review, and as part of the application to request SB 511 funds. As indicated in Table XX, there is significant variation in the implementation of the plans. Moreover, school districts appear to have significantly different interpretations or understandings of the legislation. Notwithstanding the State's interest in preserving local autonomy, the State should seek to clarify the requirements of the program. Moreover, the State should provide evidence based research on best practices. For example, educational experts suggest that school districts should "emphasize extra pay for effectiveness and career pathways instead of small bonuses."⁸⁶

Second, teacher vacancies and the desire to recruit and retain (highly effective) teachers have prompted the State to propose several compensation and recruitment incentive programs, which we discussed previously. However, these new compensation and incentive programs have been rolled out in piecemeal fashion. Similarly, to maximize local autonomy, there is no uniform, integrated framework or plan for

administering these programs. In the absence of an integrated plan – that could be designed and implemented by State policy makers or at the local level – there is some risk that the implementation could be piecemeal and even redundant. To underscore this point, RAND Corporation has conducted research evaluating several pay-for-performance programs around the United States. RAND Corporation researchers found that the program did “not produce its intended effects” and that it “did not improve student achievement at any grade level.”⁸⁷ They concluded by noting the key conditions that “would enable the program to be successful.”⁸⁸ Among these were “understanding of the program, perceived value of the bonus, and perceived fairness.”⁸⁹ The absence of an integrated compensation plan may undermine a full understanding of the program, which could subsequently raise concerns about the fairness of the program.

Evaluating Nevada’s Classroom Educators

Nevada Educator Performance Framework

In recent years, Nevada has reformed its teacher evaluation system, called the Nevada Educator Performance Framework. Nevada’s evaluation system is mandated by NRS 386.650. Per Assembly Bill 222 and Assembly Bill 229, teachers must be evaluated in three ways:

- (a) Use of student data must account for 50 percent of the evaluation and 50 percent accounts for qualitative measures (e.g., observations and an evaluation rubric)
- (b) Four differentiated designations that define levels of effectiveness (highly effective, effective, minimally effective, ineffective);
- (c) Two consecutive minimally effective or ineffective evaluations can return the individual to probationary status and educators under probationary status must serve three years in probationary status and will need to receive a highly effective or effective evaluation rating in order to become post-probationary.

While an evaluation of the Silver State’s teacher evaluator system is beyond the immediate scope of this report, there are two observations we offer based on the research. First, several other districts and states who implemented performance-based compensation programs had provisions in their evaluation system that indicated that a teacher who received consecutive poor (i.e., minimally effective or ineffective) evaluations could be terminated. We also note that in other states (districts), teachers who are on probationary status are not eligible to receive incentives or merit pay. In contrast, in Clark County School District, a teacher on probation status or who has received a “minimally effective” or “effective” rating remains eligible for salary increases under the traditional salary schedule. Despite the recent reforms, school districts in Nevada are not yet tying performance to compensation.

In Indiana, a new code states that a teacher rated “ineffective” or “improvement necessary” may not receive a salary increase or increment, regardless of the local approach to determining increases in base salaries. The new code requires collective bargaining agreements to conform to a requirement that

“increases or increments in a local salary scale” must be based on a combination of the following factors: (1) The number of years of a teacher’s experience, (2) The attainment of additional content area credits or degrees, (3) Teacher evaluation results, (4) The assignment of instructional leadership roles, including conducting evaluations, and (5) The academic needs of the students in the school corporation.”⁹⁰

Currently, in Nevada, there is nothing in statute or regulation that requires school districts around the Silver State to use the Nevada Educator Performance Framework ratings (ineffective, minimally effective, effective, highly effective) when developing salary schedules and compensation structures. The result is that teachers who receive “minimally effective” or “ineffective” ratings remain eligible for “step and column” increases.

Although the NEPF was adopted was first implemented in 2014-2015, school districts have been slow to factor the ratings into the salary structure or even any of the compensation programs funded recently by the State. One district official stated that the district intends to fully operationalize the NEPF but cannot do so currently because student growth data is limited.⁴

However, some districts are doing this. For example, Washoe County School District, which received a Federal Teacher Incentive Fund (TIF) grant, indicated that it is linking teacher evaluation to its career leader and identifying teachers who are eligible to become “master” teachers and “teacher leaders.”⁹¹ (However, in Clark County School District, master teachers are not required to have highly effecting ratings). These positions require teachers to take on additional responsibilities, but they also increase base salary and compensation. With the TIF funds, Washoe County has distributed performance-based awards to principals, teachers, and staff upon reaching school-wide performance targets (not individual performance targets).

⁴ In 2014-2015, there was a technical problem statewide with administering the Smarter Balanced Assessment Consortium (SBAC) assessment exam.

Recommendations

Based on our analysis, the Guinn Center proposes the following recommendations.

1. Require an external third party evaluation on all compensation programs

Research underscores the importance of conducting independent, comprehensive program evaluations. Recognizing the significance of accountability, the Nevada Legislature mandated an external, third party evaluation of many of the education initiatives approved during the 78th Legislative Session in 2015. For example, legislation approving Zoom School and Victory School funding required the Nevada Department of Education (NDE) to “contract for an independent evaluation of the effectiveness of the programs and services provided by the school districts and charter schools that received money.” In addition, NDE has recently completed an external evaluation of the Great Teaching and Leading Fund. Experience from other states and school districts suggests that pay for performance systems have failed when not administered and monitored effectively. If not already proposed, the Nevada Board of Education should also conduct an external evaluation of the Enhanced Compensation and Performance Pay Program and the Teach Nevada Scholarship and Teacher Incentive Funds. The Nevada Department of Education should conduct an external evaluation of all compensation programs, including both performance-based and incentive programs.

2. Develop statewide guidance on existing performance-based compensation and incentive programs

- a. Establish standard outcome measures**
- b. Require that school districts regularly evaluate the impact of teaching incentive programs and new salary schedules on teacher retention, teacher quality, and student outcomes**
- c. Require that school districts link the Nevada Education Performance Framework to performance-based compensation and incentive programs**

Recently, Nevada has implemented several performance-based compensation and incentive programs. Among these are the Teach Nevada Scholarship, the Enhanced Compensation and Performance Pay program, and Victory and Zoom Program incentive funds. However, NDE has yet to articulate consistent performance metrics or outcomes across all programs. To its credit, NDE allows flexibility in the implementation of the performance-based compensation and incentive programs so that school districts can best respond to the unique needs of each school and district. However, in exchange for this flexibility, NDE should strengthen measures of accountability and establish statewide performance metrics to ensure that funds are being used in effective ways that serve the goals of these programs. In consultation with school districts, NDE should consider creating uniform, statewide measurable objectives for the evaluation of performance-based compensation and incentive programs.

Similarly, over the last few years, school districts and the Nevada Legislature have established programs to improve the recruitment and retention of (high-quality) teachers. For example, in 2015, the Nevada Legislature established the Great Teaching and Leading Fund to help recruit and retain high quality

licensed educational professionals. This year, the Clark County Education Association and Clark County School District implemented the Professional Growth System, which restructures the traditional salary schedule in ways that reward improved educator practice and provide career advancement options for educators who do not want to leave the classroom. To assess the State's return on investment and identify best practices that can be replicated in other school districts around the State, the Legislature (and/or the State Board of Education) should require school districts to evaluate the impact of the new salary schedules and teacher incentive programs on teacher retention, teacher quality, and student outcomes. The State Board of Education should require these evaluations to be presented and submitted annually.

Additionally, last year, NDE provided funds, through the Great Teaching and Leading Fund (SB 474), to help school districts understand, implement and use the Nevada Educator Performance Framework (NEPF), the State's new framework for evaluating teachers. Teachers have been trained on this framework and they have expressed a degree of comfort with using the framework. A recent evaluation noted:

Overall, the framework itself is viewed positively in terms of its goals and intentions, and educators are not overwhelmingly opposed to implementing the NEPF based on its content and processes.

However, many districts are not using or integrating the NEPF. For instance, several districts who dedicated funds to meet the requirements of the Enhanced Compensation and Performance Pay legislative requirement (AB 483) did not explicitly link the distribution of funds to the NEPF. All new programs and policies – including performance-based compensation and incentive programs-- should incorporate the use of NEPF. The Legislature and State Board of Education should consider requiring school districts to link the NEPF to performance-based compensation and incentive programs.

3. Improve the integration of all performance- based compensation and incentive programs

Research has documented the positive and robust relationship between teacher quality and academic outcomes. The desire to improve the quality of the Silver State's teaching professionals, as well as to reduce the alarming number of teacher vacancies, has prompted law makers to direct new funds to a performance-based compensation model, as well as teacher incentive funds. However, these new performance-based compensation and incentive programs have been rolled out in piecemeal fashion, rather than in an integrated, systematic manner. Similarly, to maximize local autonomy, the State has not provided a uniform, integrated framework or plan for administering (or evaluating) these programs. In the absence of an integrated plan, there is some risk that the implementation of these programs may result in redundancies or fail to maximize their intended impact.

To underscore this point, RAND Corporation has conducted research evaluating several performance-based compensation programs around the United States. The researchers found that the program did "not produce its intended effects" and that it "did not improve student achievement at any grade level."

They concluded by noting the key conditions that “would enable the program to be successful.” Among these were “understanding of the program, perceived value of the bonus, and perceived fairness.” The absence of a district level integrated plan of all performance-based compensation and incentive programs may undermine a full understanding of the programs and reduce their impact. The State Board of Education and Nevada Department of Education should require all school districts to develop, submit, and present an integrated implementation plan for all performance-based compensation and incentives programs. This requirement could serve to reduce redundancy or duplication of the various compensation and incentive programs and could strengthen overall impact.

4. Continue State-sponsored incentive programs and consider new ways of funding them

Incentive programs around the country have had some success in improving student academic outcomes, increasing teacher retention, filling hard-to-fill teaching positions, and/or reducing teacher vacancies at under-performing schools. Research also indicates that performance-based *bonuses* may have an advantage over performance-based *salary increases*. For instance, bonuses have been shown to increase staff performance more effectively than performance-based salary increases.

In 2015, Nevada launched the Teach Nevada Scholarship and New Teacher Incentive fund. This fund provides a one-time incentive to *new* teachers. Nevada should continue using incentives to attract high-quality teachers to hard-to-fill positions and to high-need schools. The Legislature should continue funding the Teach Nevada Scholarship and Incentive Fund program. However, the Legislature should revise the program to target the incentives to the following categories of teachers: (1) high-quality teachers (as demonstrated by the NEPF “highly effective” ratings) to teach in the State’s under-performing, high poverty schools, (2) Special Education teachers, (3) and math and science teachers.

Research also indicates that teacher incentive programs could be a cost-effective alternative to other existing programs or interventions designed to improve student achievement. For example, one study noted that in comparison to class size reduction interventions, the cost of producing similar academic gains through teacher incentives were estimated to be \$7,000 cheaper than it would have been to reduce class size. In elementary schools, for example, teacher transfer incentives were \$13,000 cheaper than the class-size reduction benchmark.

Earlier this year, the Nevada Department of Education proposed legislation that would allow schools to apply for a literacy block grant that would reallocate money intended for classroom-size reduction. To receive a grant, schools would have to present a site plan that indicates how the money will be used to improve literacy for students in grades K-3. State education officials and legislators may want to consider revisiting the use of classroom size reduction funds and allowing the literacy block grant proposal to include proposals by districts to use teacher incentives to attract high-quality teachers to under-performing schools. The Nevada State Legislature allow classroom size funds to be made available to provide literacy block grants to school districts and that some portion of these funds could be used to offer teacher transfer incentives to attract high quality teachers to under-performing schools.

5. Tie incentives or categorical funds to teacher absenteeism rates

Given that teaching is a human capital intensive profession, it may not be possible to reduce the overall costs of an average school district's personnel costs, which currently consume about 80 percent of education expenditures. However, policy makers can adopt requirements and policies to improve the likelihood that school districts are realizing a positive return on their investment.

One area of concern is that Nevada has the second highest absenteeism rate for teachers in the United States. Almost half of all teachers (49 percent) miss 10 or more days of school each year. This is almost twice the national rate of 25 percent. Research reveals that students perform worse in math and are less engaged in school when their teachers miss at least 10 days of school. In addition to impacting student achievement, teacher absenteeism is costly for districts since a missing teacher in the classroom means that schools must hire substitutes.

While policy makers should not 'reward' absentee teachers with incentives, the State should consider ways to link categorical funds given to districts to teacher absenteeism rates. A 2011 study examined an incentive program in North Carolina, which awarded teachers up to \$1,500 each if the standardized test scores of the entire school improved by a predetermined amount. A program evaluation found that teachers took 0.6 fewer sick days on average and that math and reading test scores improved. Based on these results, researchers concluded that "compared to other popular education reforms, such as reduced class sizes, incentives provide more than four times the amount of student improvement per dollar spent."

Earlier this year, the Nevada Department of Education proposed legislation that would allow schools to apply for a literacy block grant that would reallocate money intended for classroom-size reduction. To receive a grant, schools would have to present a site plan that indicates how the money will be used to improve literacy for students in grades K-3. State education officials and legislators may want to consider revisiting the use of classroom size reduction funds and categorical funds in ways that align with performance metrics and student outcomes. The State Board of Education and Nevada Department of Education should consider including teacher absenteeism rates as a criterion for disbursing categorical funds to districts and schools. Additionally, NDE should include teacher absenteeism rates in the State's Accountability System, which is currently undergoing revisions.

6. Require districts to tie teacher evaluations to increments on the local teacher salary schedule

Despite the implementation of the NEPF, very few districts are using this evaluation framework to inform teacher compensation. For example, currently, a teacher can receive a "minimally effective" and/or "ineffective" rating and remain eligible for salary increases (on the standard teacher salary schedule). One notable exception is Washoe County School District, which is using the NEPF ratings to identify and promote teachers by giving them more responsibility. Specifically, Washoe County School District requires "master teacher" candidates to have received the highest ratings on the NEPF.

Other states have attempted to address this issue. Indiana passed a law stating that teachers were only eligible for merit pay increases if they received "highly effective" or "effective ratings." (In practice, reports suggest, however, that the law has not had the intended outcome. Most teachers simply receive

high ratings.) In Tennessee, the state requires districts “to differentiate teacher compensation based on at least one criterion in addition to years of experience and education, including additional roles or responsibilities, hard-to-staff schools or subject areas, and performance-based on State board approved teacher evaluation criteria.” The Nevada State Legislature should consider requiring school districts to link advancement on the salary schedule to NEPF ratings.

7. Assess Nevada’s system for evaluating principals and administrators

Performance-based compensation programs must be aligned with additional programs to improve student achievement and working conditions at the school sites. Research indicates that the most effective performance-based compensation programs are “implemented as part of a broader, holistic retention strategy, rather than as standalone initiatives.” This is because compensation is only one factor that influences an individual’s decision to enter (and remain) in the classroom. Other considerations are strong principals, skilled and supportive colleagues, adequate resources for teaching, smaller student loads, autonomy, high-quality professional development, and safety. These considerations should be incorporated into incentive programs geared toward recruitment and retention.

As noted by the Education Commission of States, where performance-based programs have demonstrated some success, they are usually coupled with other programs and comprehensive reform efforts (e.g., job-embedded professional development, professional learning communities, school leadership teams). In Charlotte, North Carolina, performance-based incentives were accompanied by efforts to foster a positive working environment (by granting principals greater autonomy, in part). One study noted, “Policies that create salary structures that compensate teachers for working in more difficult school environments may not effectively retain teachers unless work conditions are also improved.”

Preliminary research indicates that Nevada does not have a robust pipeline of strong principal leaders. For example, during the Great Recession, Clark County School District suspended its internal training and leadership development program for future principals. Interviews with teachers and education officials around the State reveal that the current system for recruiting, training, supporting principals has gaps. Interviews also reveal that the roll-out of the NEPF to school leadership teams (principals and administrators) has been “sluggish.” A robust body of research confirms that leadership and overall working conditions are critical to retaining high quality classroom instructors. The Legislature and State Board of Education should require a status update of how administrators and principals around the State are being evaluated. The Nevada State Legislature should commission a comprehensive study on culture and principal leadership development around the State.

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The Kenny C. Guinn Center for Policy Priorities is a 501(c)(3) nonprofit, independent research center focused on providing fact-based, relevant, and well-reasoned analysis of critical policy issues facing Nevada and the Intermountain West. The Guinn Center engages policy-makers, experts, and the public with innovative, data-driven research and analysis to advance policy solutions, inform the public debate, and expand public engagement.

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