

APPENDIX 7 – Roles and Types Bonuses

Under the authorizing statute, the Compensation Technical Working Group is required to determine “the role of and types of bonuses available.”¹ The Compensation TWG recognizes that many bonuses have been offered in other states and school districts use bonuses to address local needs. The list of bonuses considered is provided in Exhibit 74. The variety of local needs that could be served by bonuses was discussed, with the conclusion reached that it would be difficult at the state level to account for the unique needs of all 295 school districts within the state. In addition, the group discussed the difficulty of defining and measuring retention and recruitment issues related to compensation levels versus those that are a result of hiring practices or workload conditions. As indicated by the Professional Educator Standards Board, many school districts experience “typical hiring practices and barriers to early recruitment and hiring. It was apparent that most districts still conduct late hiring, lack reliable projections of their need, have uncertainty about the potential pool and/or sources of their future employees, and have minimal focus on workforce development.”²

As part of the recommendation regarding a salary limit on the use of additional school district funding on salaries of basic education staff, the Compensation TWG believes that some of the potential bonuses considered could be locally funded. However, locally funded salary enhancements should not be more than 10 percent above the state allocation. The Compensation TWG believes that this will create a salary structure more responsive to the non-basic education needs of employees, students, families and community members within a school district. Moreover, the salary structure encourages innovation and collaborative decision making at the local level. When reviewing the role of potential bonuses, the Compensation TWG discussed the variety of different school districts within Washington and agreed that given the diversity of school district needs, the salary structure would have to be flexible enough to accommodate these needs.

The Compensation Technical Working Group originally considered providing bonuses for mentors, mentees, instructional coaches and professional development (in gray in Exhibit 74). The Compensation TWG concluded that those roles and time requirements were part of the program of basic education and recommended that they were funded through the basic education funding formula instead of through an additional state bonus. Further discussion is included in Appendix 6 – Additional Recommendations. Other potential bonuses considered by the Compensation Technical Working Group included:

Exhibit 1: Potential Bonuses

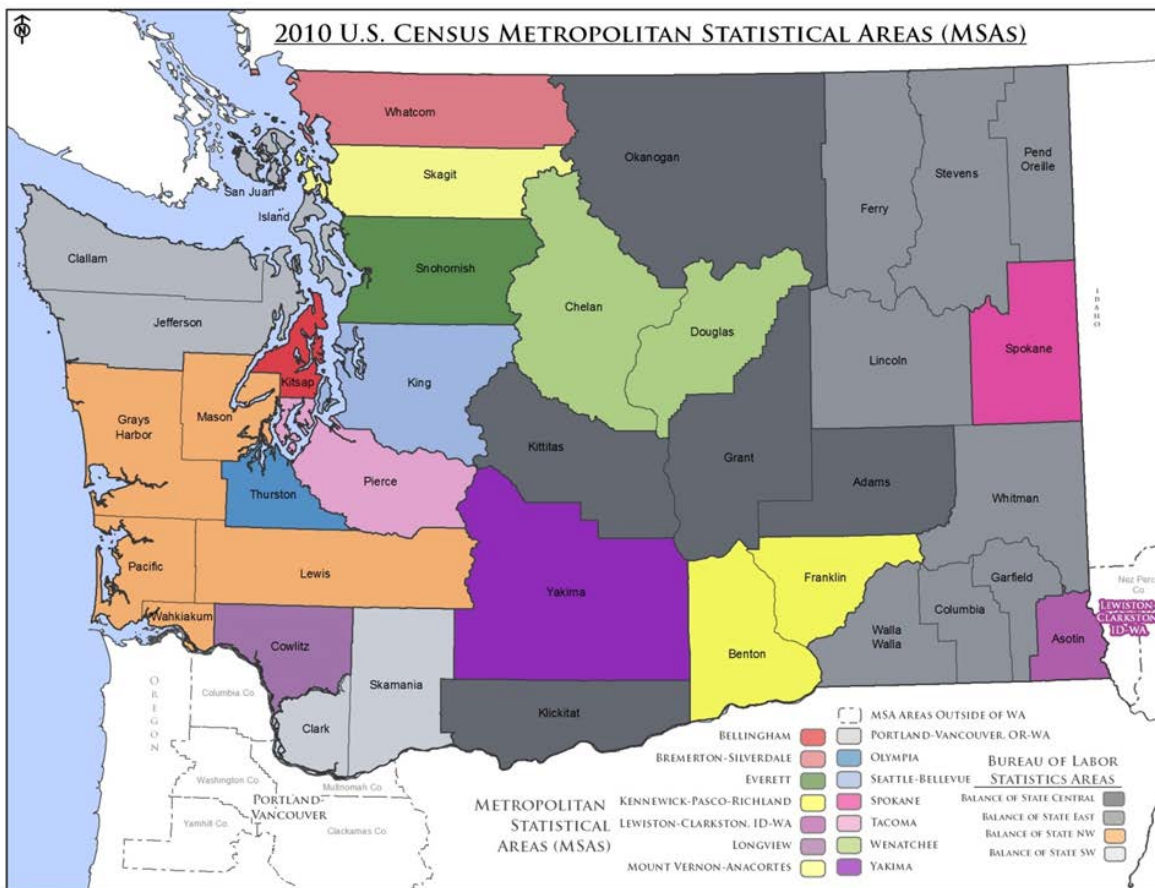
ROLES AND RESPONSIBILITIES	DEFINITION
Mentor	Provides leadership and guidance to staff new to teaching.
Mentee	New teacher (less than a defined number of years in teaching profession) working with a mentor to receive guidance and leadership.
Instructional Coach	Teacher leader who provides job embedded professional development on instruction to other teachers.
Additional Days/Professional Development Units	Learning Improvement Days or other days in contract as defined by state.
HARD TO FILL	DEFINITION
Hard to Fill Subjects	Provided for subject areas in competitive labor markets. Per the HR Panel, these areas include math, science, ELL, career/technical, and special education in Washington. Individuals with these specific attributes may face different financial opportunity costs to enter the teacher labor market. Additional pay is intended to increase the incentive for individuals with high-demand skills to enter and remain in the teacher labor force.
Hard to Fill Positions	Per HR Panel, Certificated positions include Special Education Teachers, Psychologists, Occupational Therapists, Physical Therapists, Nurses, Speech Language Pathologists/Audiologists, and Administrators in Washington. Classified positions that are hard to fill include HVAC Technicians, HR Administrators, and Instructional Technology Supervisors.
Hard to Fill Schools	Provided to teachers in schools with defined minimum concentrations of low-income or low-performing students.
PERFORMANCE	DEFINITION
School-wide Student Achievement	All employees in a school achieving stated goals, typically a measure of student test scores.
Classroom Student Achievement	Individual teacher achieving stated goals, typically as a measure of student test scores.
Evaluation by Principal	Individual teacher receiving stated level of evaluation by principal only.
Evaluation by Principal and Peer Reviewers	Individual teacher receiving stated level of joint evaluation by principal and peer reviewers.
OTHER	DEFINITION
Regional Labor Market Adjustment	Regional index or schedule based on cost-of-hiring factors determined by group.

ROLES AND RESPONSIBILITIES	DEFINITION
Student Loan Forgiveness	Repayment of college student loans up to designated amount based on predetermined criteria, such as minimum time commitment to teach at schools in state or district.

Regional Labor Market Adjustment

The State of Washington encompasses 17 metropolitan and nonmetropolitan areas as defined by the U.S. Bureau of Labor Statistics (BLS) and the 2010 U.S. Census.

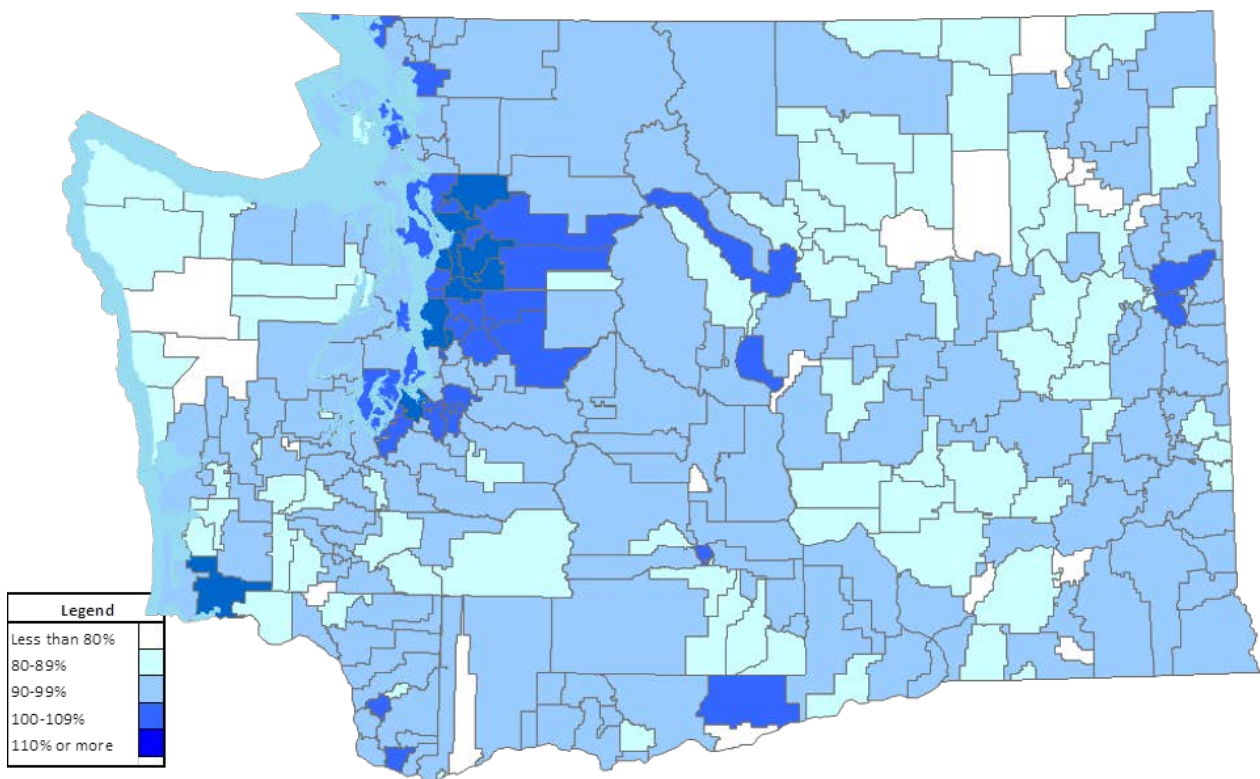
Exhibit 2: Map of U.S. Census Metropolitan Statistical Areas



While the cost of living and average salaries in all sectors of the economy vary significantly between these regions, state salary allocations for K-12 employees are relatively similar between school districts and geographic regions. As reflected in Exhibit 76, K-12 average total salaries for both certificated and classified staff vary across the state due to the addition of local funds. However, within each labor market region, school districts have a varied ability to pay

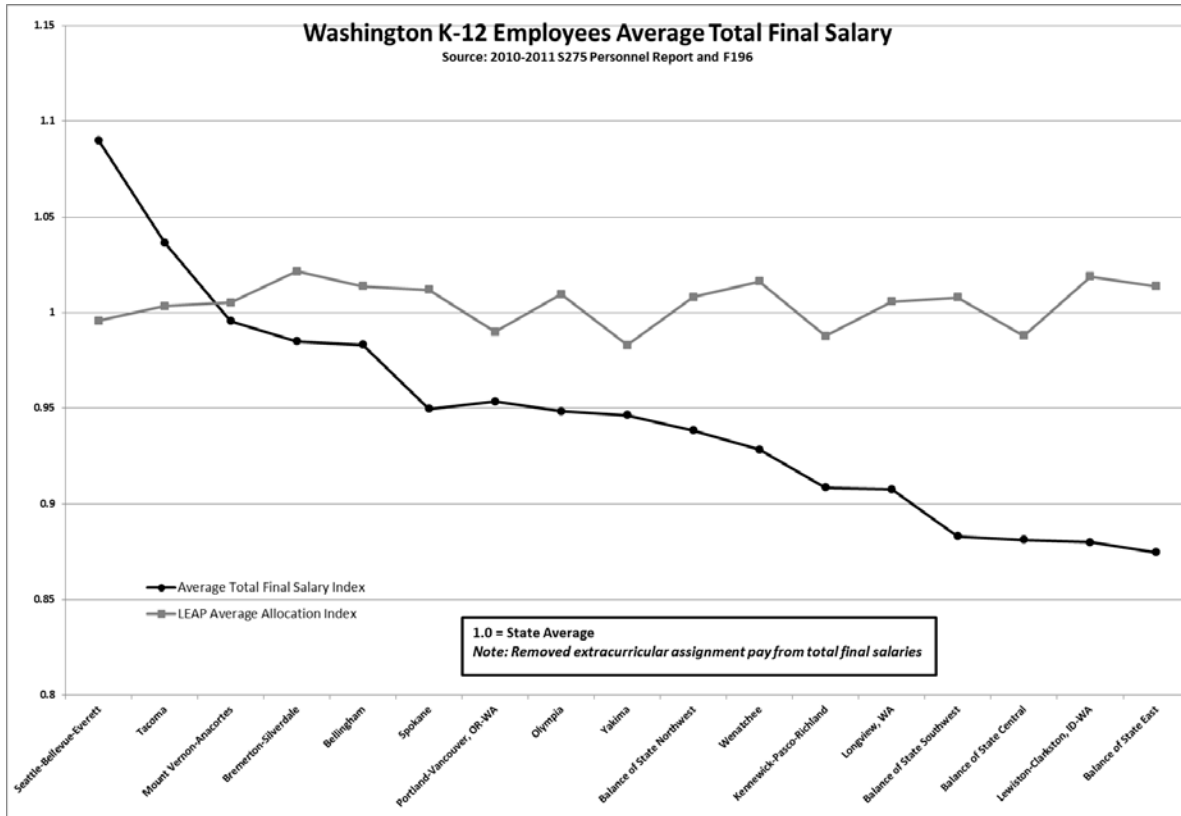
market salaries and neighboring school districts may have significantly different salaries for similar jobs. While state salary compliance ensures a minimum salary for certificated instructional staff, school districts have more flexibility setting salaries for classified and administrative positions, leading to a wider disparity of pay between neighboring districts. An index of 2011-12 total final salaries as reported in the OSPI S275 Personnel Reports for certificated staff in Washington school districts indicates that the highest district average is 193 percent of the lowest district average, while the highest district average pay for classified staff is 210 percent of the lowest district average.

**Exhibit 3: Average Total Salary by School District Compared to State Average
(All Washington K-12 Staff, No Extracurricular Salaries Included)**



The next chart, Exhibit 77, illustrates the differences in total average salaries by labor market region due to the addition of local funds to compensate employees, contrasted with the state allocated salaries that are fairly equivalent across the state. State salary allocations differ only slightly, primarily due to differences in the individual characteristics of certificated instructional staff and grandfathered salary allocations. Exhibit 77 compares the average total salary in each region with the average total salary in the state, and the average allocated salary in each region with the average allocated salary in the state.

Exhibit 4: Average Salary Index Compared to Average State Allocation Index



Past Policy Recommendations for Regional Labor Market Adjustment

Basic Education Finance Task Force (BEFTF)

The Joint Task Force on Basic Education Finance recommended that a new salary allocation model for educators provide a comparable salary that recognizes regional variations in labor markets. This group's final report, released in January 2009, recommended that a regional wage adjustment schedule be applied to the salary allocation model for certificated instructional staff as well as to administrator and classified salary allocations.³

Washington Learns

In May 2006, Picus and Associates presented a report for the K-12 Advisory Committee of Washington Learns that proposed use of a comparable wage index to adjust state allocated salaries for teachers and other K-12 employees.⁴

Regional Labor Market Adjustment Options

The Compensation Technical Working Group considered multiple options for measuring a regional adjustment factor, including the Comparable Wage Index (CWI) developed by Dr. Lori Taylor, a regional adjustment based on the American Community Survey (ACS), a housing index, a market basket cost-of-living index, and the actual variance in total salaries per the OSPI S275

Personnel Summary Reports. The following exhibits are indexed to the Washington State average.

Exhibit 5: Regional Cost of Living and Cost of Hiring Indices for Washington

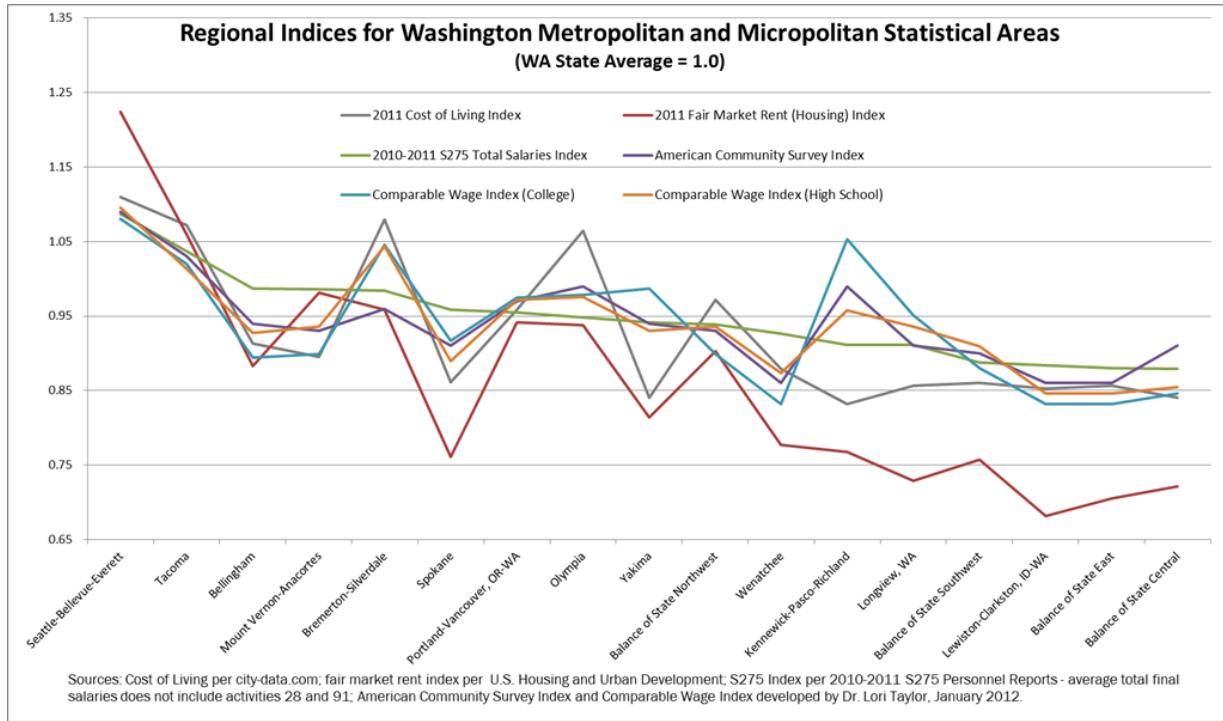


Exhibit 6: Methodology for Cost of Hiring and Cost of Living Indices

Index	Methodology
Dr. Lori Taylor Comparable Wage Index (CWI)	Hedonic wage index considers differences in salary across regions while holding all other factors constant; separate indices for certificated and classified staff.
American Community Survey Index	Single hedonic wage index considers differences in salary across regions while holding all other factors constant.
Housing Index	Differences in the variance in fair market rent for similar residences across regions.
Cost of Living Index	Differences in the cost of a market basket of goods and services measured across regions.
K-12 Salaries Index	Actual salaries paid to K-12 staff as reported in the OSPI S275 Personnel Reports.

The CWI and ACS indices developed by Dr. Lori Taylor are hedonic wage indices that signal market-driven demand for higher wages in certain geographic areas. Use of hedonics employs statistical techniques to measure salary variations due to location rather than demographic characteristics of employees, or the varying cost of hiring in different locales. A regression

analysis describes how salary may be explained in part by an individual's personal attributes. For this analysis, Dr. Taylor estimated annual wage and salary earnings in each labor market based on age, gender, race, and education, amount of time worked, occupation, and industry of each individual in the sample. In addition, for educators, Dr. Taylor predicted the average full-time equivalent salary of individuals as a function of personal characteristics, job assignments, the school, school district, and labor market. Each index reflects average compensation paid for specific characteristics of the occupations countered by the effects of the appeal of working in a geographic location. A hedonic index assumes that school districts are competing for qualified workers in all labor markets. It measures the purchasing power of the school districts rather than the purchasing power of consumers, or the cost of hiring rather than the cost of living. These methodologies presume that workers are mobile. They also presume that the behavior of K-12 staff mirrors the behavior of employees outside of public education. Data is more reliable for larger metropolitan areas due to the larger number of responses.

Comparable Wage Index

The CWI was initially developed by Dr. Lori Taylor in 2005 for the National Center for Education Statistics. The original CWI compared the variations in the salaries of college graduates who are not educators across all school districts, labor markets, and states in the United States. Dr. Taylor prepared a Washington-specific CWI in November 2008 for the Joint Task Force on Basic Education Finance, leading to that group's recommendation that a regional wage adjustment schedule be applied to the salary allocation model for certificated instructional staff as well as to administrator and classified salary allocations. At the request of the Compensation TWG, Dr. Taylor produced an updated 2010 CWI for Washington for all K-12 staff. The CWI reflects systematic, regional variations in the salaries of workers who are not educators and is used to measure uncontrollable variations in the wages paid to educators by observing methodical variations in the earnings of comparable non-educators. This hedonic index compares salaries of those in Washington K-12 public education using data from the OSPI S275 Personnel Summary Reports to those outside education with similar demographics and comparable occupations. Dr. Taylor developed an index for certificated staff that matches workers with at least a Bachelor's Degree and an index for classified staff that includes workers with at least a High School Diploma but less education than a Bachelor's Degree. While similar in rural areas, there are notable differences between the two indices, particularly in the Kennewick-Pasco-Richland metropolitan statistical area. The baseline for the index is the 2000 Census; salaries are aged based on BLS Occupational Employment Statistics wage growth estimates. This index reflects the market-driven demand for wage variances based on geographic area, holding all other factors constant. However, because the U.S. Census collected data differently in 2010, the CWI cannot be replicated using current demographics of non-K-12 workers and eventually may become outdated due to changes in state and national demographics. Currently, the salaries used in the index can be updated annually with wage data from BLS and the most current OSPI Personnel Reports, although the update presumes that the demographics of non-K-12 workers remain constant.

Exhibit 7: Comparable Wage Index by School District Compared to State Average (Certificated Staff)

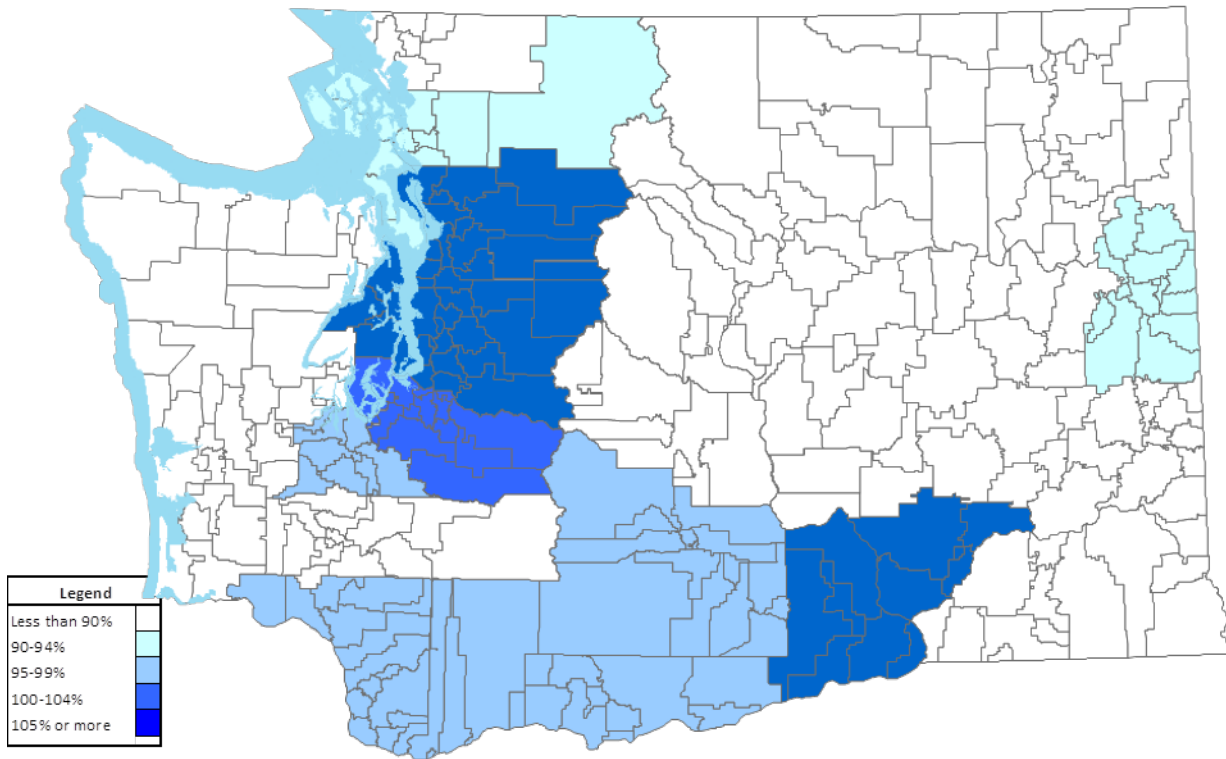
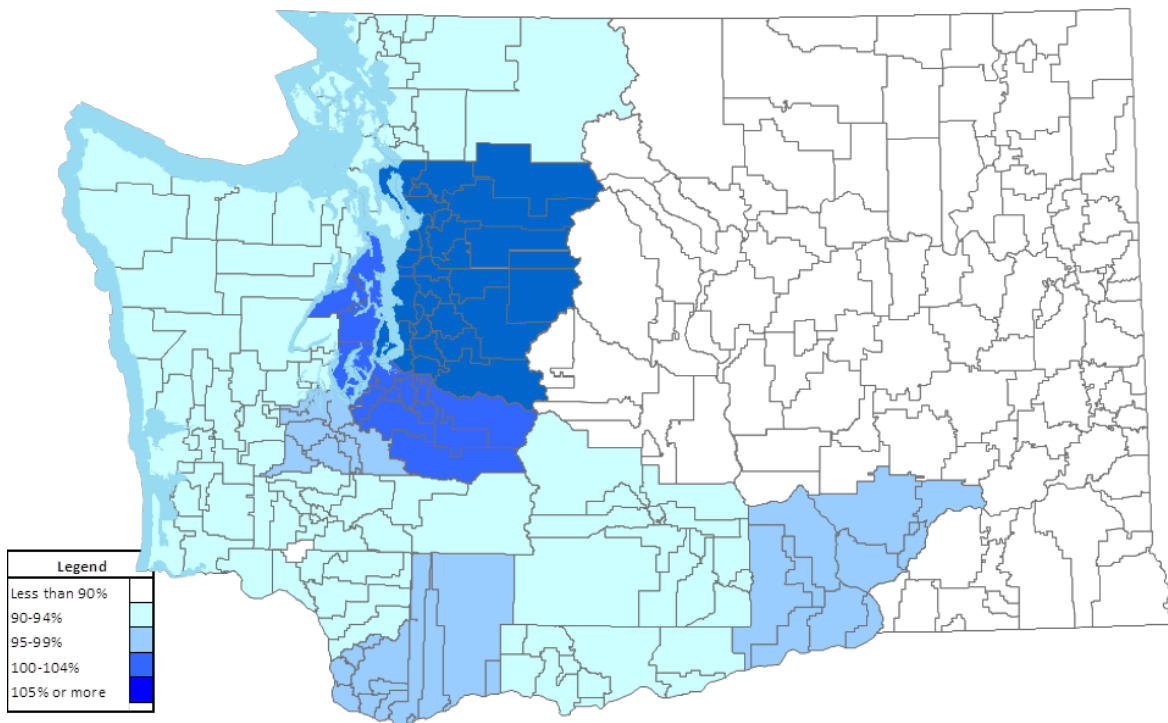


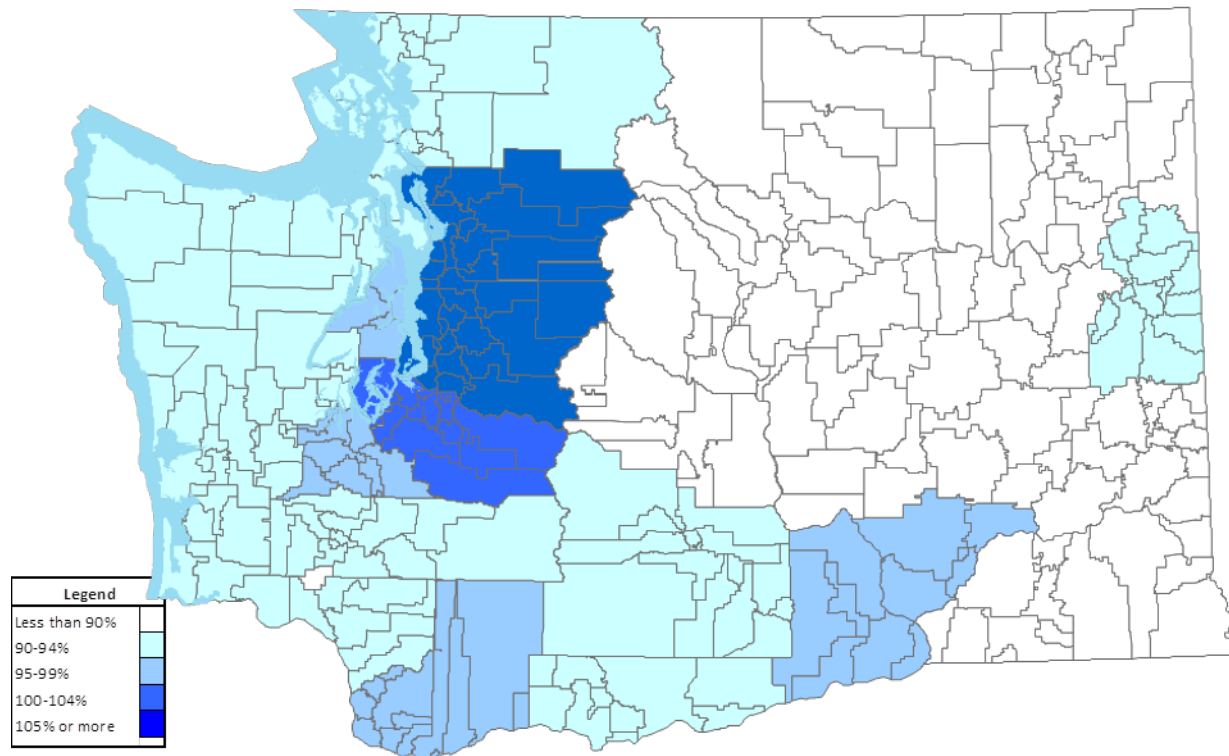
Exhibit 8: Comparable Wage Index by School District Compared to State Average (Classified Staff)



American Community Survey Hedonic Index

At the request of the Compensation TWG, Dr. Taylor developed an alternate regional adjustment based on the American Community Survey and 2010 U.S. Census. This index is similar to the CWI and reflects regional variations in the salaries of workers using a hedonic model. However, the index uses data collected in the 2010 American Community Survey and current wage data from BLS. While the index holds hedonic factors constant and removes K-12 personnel from consideration, it combines all workers with at least a High School Diploma into one index. This index also combines all rural labor markets into a single area. These alterations from the CWI result in one less volatile index that can be used for both certificated and classified staff. The hedonic models can capture all of the factors that may affect salary variances across geographic areas, including cost of living, labor market factors, and area amenities. However, it is important that the labor market is competitive in order to reflect accurate salary differences. This index can be updated as often as annually if required, using the most recent OSPI S275 Personnel Data, ACS data, and BLS wages.

Exhibit 9: American Community Survey Hedonic Index by School District Compared to State Average

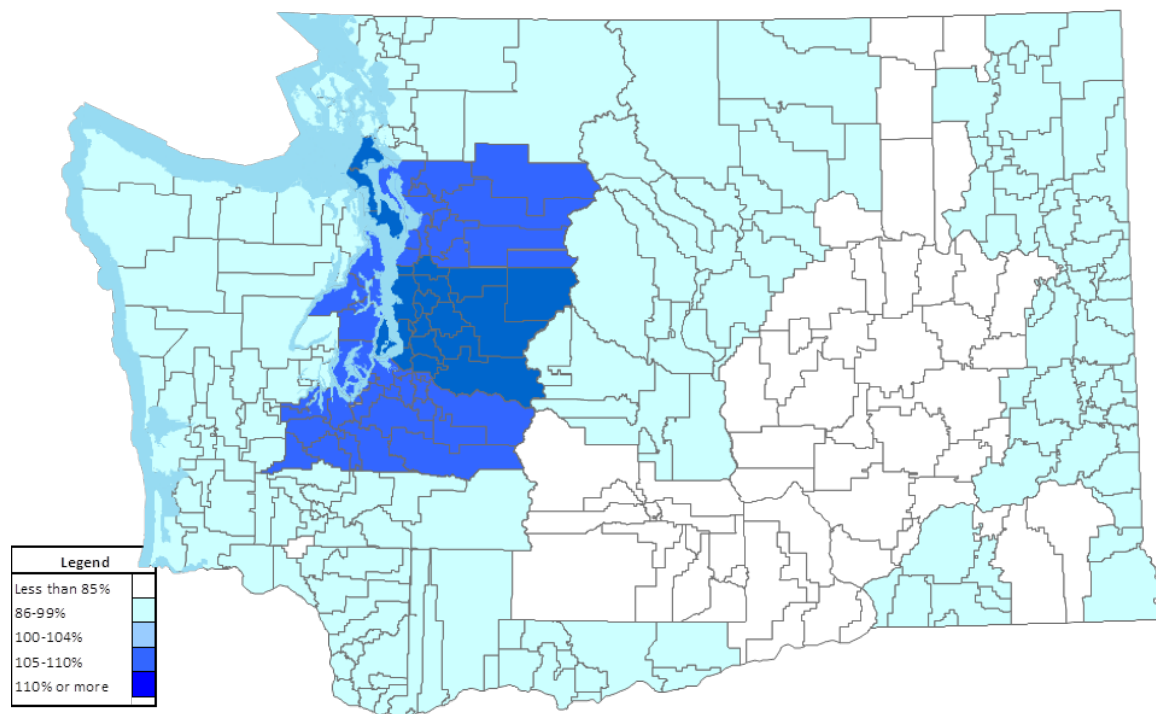


Market Basket Cost-of-Living Index

A market basket or cost-of-living index consists of price measurement of a fixed basket of goods. Data is collected on prices across geographic areas and the final price index represents a weighted average of the individual price indices. This index will capture the relative level of expenses incurred by employees in different regional areas, thus measuring the purchasing

power of consumers based on their place of work, rather than school districts, or the cost of living instead of the cost of hiring. A market basket may overestimate costs in areas with a high cost of goods and services as well as multiple amenities that make it a desirable place to work. The range is much more volatile than the actual difference in labor costs between regions. In addition, a single market basket of goods may not represent the same lifestyle in both rural and urban areas and it fails to address the difference between the cost of living and the cost of educating students. However, a cost-of-living index is unbiased by the competitiveness of the teacher labor market. It also provides a measure of inflation over time. A consumer price index (CPI) is typically produced on a regular basis for major metropolitan areas only and does not currently exist in a reliable form for most areas of the state. Complexity and cost of preparation of a CPI is increased with a larger number of smaller geographic regions and the state would have to pay to develop an index for each region on a regular basis.

Exhibit 10: Market Basket Cost of Living Index by School District Compared to State Average

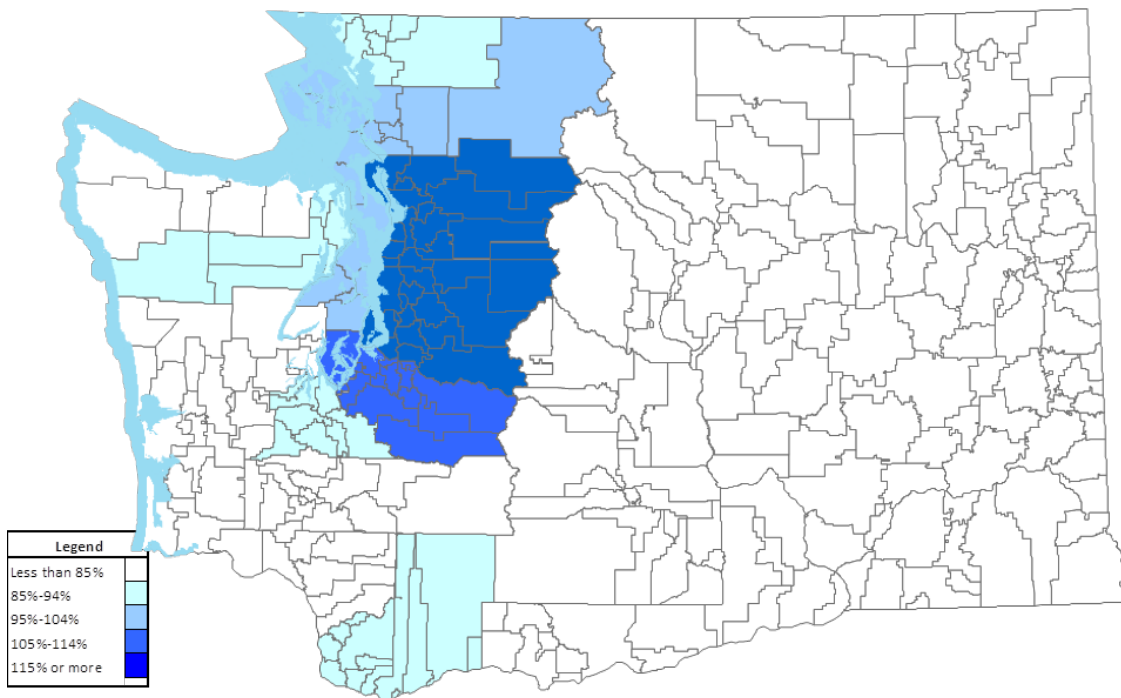


Housing Index

To develop a regional Housing Index, the Compensation TWG considered the variance in fair market rent as provided by the U.S. Department of Housing and Urban Development. Housing costs are typically the largest expense of workers – 35 percent of average household expenditures per the 2010 BLS Consumer Expenditures Interview Survey – and can represent the largest source of variation in the cost of living. Housing data is collected on a regular and timely basis and may be more readily available than a market basket. The salary levels in the education industry will not have a large influence on housing costs. However, this index is much more volatile and varied than the other indices, although the volatility can be minimized

through use of a multi-year rolling average. Use of this index to adjust salary allocations ignores the benefits of higher housing costs, such as a greater potential profit and equity upon the sale of a house. It does not consider commuting patterns and assumes that employees working in a geographic area live in the same area. In addition, housing costs overstate the cost of hiring because much of the variation in these costs is attributed to the effects of community characteristics such as access to cultural and natural amenities, crime rates, climate, and other factors that influence workers to pay a higher relative amount for housing compared to salaries. The price of housing is determined by the quality, size, and other individual features along with the geographic region. Finally, the perceived quality of local education is often a factor in housing prices, presenting a conflict with the use of housing prices as a direct measure of salary variances in the education industry.

Exhibit 11: Housing Index by School District Compared to State Average

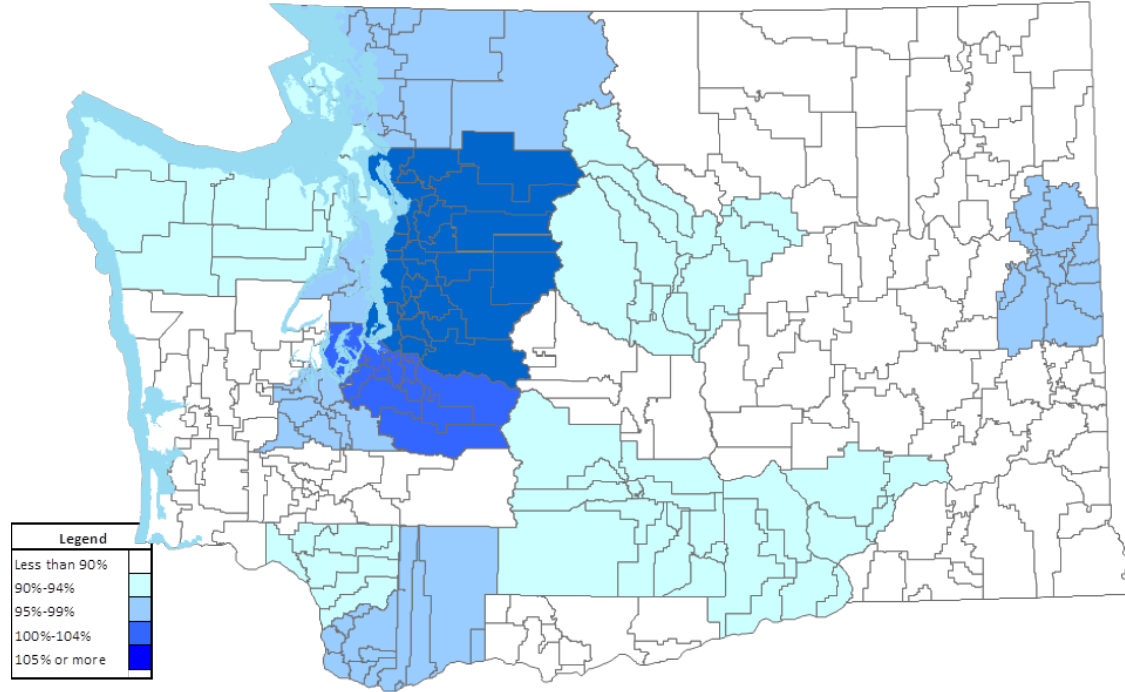


Actual Total Salaries Index

Use of the S275 Personnel Summary Reports provided the Compensation TWG the opportunity to consider the average of actual K-12 salaries across school districts and different geographic regions of the state. This data is timely and reflects the tangible costs incurred by school districts. While these costs follow a similar pattern to other cost of living indices, they also reflect additional factors manifested in regional salary variations such as the availability and amount of supplementary funding sources and the relative strength of local bargaining units. Variances between school districts may also indicate the relative ability of a school or district to attract staff based on the challenge of the assignment and the working conditions, including building amenities and administration. In addition, the state salary allocation schedule drives

salaries for certificated instructional staff. Finally, additional salary costs are under the control of the school districts and may be criticized as subject to manipulation.⁵

**Exhibit 12: Total Salaries Index by School District Compared to State Average
(All Washington K-12 Staff, No Extracurricular Salaries Included)**



**Exhibit 13: Summary Table, Cost of Hiring and Cost of Living Indices
(Indexed to the average value for Washington)**

Place of Work (2010 Census)	CWI (2010 College)	CWI (2010 High School)	ACS 2010 Index	Cost of Living Index (2011)	Housing Index (2011)	S275 Index (2010- 2011)
Balance of State Central	0.85	0.87	0.86	0.84	0.72	0.88
Balance of State East	0.84	0.85	0.86	0.86	0.71	0.88
Balance of State Northwest	0.87	0.92	0.93	0.97	0.90	0.94
Balance of State Southwest	0.88	0.91	0.89	0.86	0.76	0.89
Bellingham	0.89	0.93	0.94	0.91	0.88	0.99
Bremerton-Silverdale	1.05	1.04	0.95	1.08	0.96	0.98
Kennewick-Pasco-Richland	1.05	0.96	0.99	0.83	0.77	0.91
Lewiston-Clarkston, ID-WA	0.83	0.85	0.86	0.85	0.68	0.88
Longview, WA	0.95	0.94	0.90	0.86	0.73	0.91
Mount Vernon-Anacortes	0.90	0.94	0.93	0.90	0.98	0.99
Olympia	0.98	0.98	0.99	1.06	0.94	0.95

Place of Work (2010 Census)	CWI (2010 College)	CWI (2010 High School)	ACS 2010 Index	Cost of Living Index (2011)	Housing Index (2011)	S275 Index (2010-2011)
Portland-Vancouver, OR-WA	0.97	0.97	0.96	0.96	0.94	0.95
Seattle-Bellevue-Everett	1.08	1.10	1.09	1.11	1.22	0.96
Spokane	0.92	0.89	0.90	0.86	0.76	1.04
Tacoma	1.02	1.01	1.04	1.07	1.06	0.93
Wenatchee	0.83	0.87	0.86	0.88	0.78	0.94
Yakima	0.99	0.93	0.94	0.84	0.81	1.09

Note: State Average = 1.0

Arguments For a Regional Adjustment

- Even after controlling for differences in the types of jobs and individual employee characteristics across regions, there is still a differential in the cost of hiring across the state.
- Due to the high cost of hiring in certain regions, school districts have different purchasing power.
- The state should recognize the fact that districts are currently funding higher salaries in high cost areas using local dollars.

Arguments Against a Regional Adjustment

- The retention data by regional labor market does not show a consistent pattern (Appendix 8).
- School districts on the border of regional labor markets may have the same hiring issues, but one district would receive an adjustment and another would not.
- School districts in low cost areas have other difficulties in recruiting and retaining staff that a regional labor market adjustment based on monetary factors does not account for.
- High cost neighborhoods have the property wealth capacity to raise local revenue to fund the increased cost of hiring.

Regional Adjustment Recommendation

The Compensation TWG recommends continued implementation of a single statewide salary allocation schedule for all staffing categories with no regional adjustments. The Compensation TWG concluded that the cost of hiring variances experienced by school districts are not a state responsibility for basic education; rather, these differences are a responsibility of districts to fund through local revenue sources. The Compensation TWG presumes that implementation of comparable average salary allocations in all regions of the state for all job categories will address much of the recruitment and retention issues. In addition, full funding of salaries will

free up local revenue to pay for salaries and programs as desired by local communities. The salaries may be adjusted for individuals at a local level as bargained by staff in these school districts and as needed by school administrators to address local non-basic education needs. In addition, as noted in Recommendation #7, the Compensation TWG agrees that local funds can be used up to 10 percent above the total salary allocations to make any necessary regional adjustments at the local level. The Compensation TWG believes that this recommendation allows the state to fully fund basic education salaries in an equitable manner while providing local school districts the flexibility to address any variations in the cost of hiring through discretionary local funding sources.

Hard to Fill Subjects, Positions and Schools

Hard to Fill Subjects and Positions

The Washington Professional Educator Standards Board (PESB) designates hard to fill teacher shortage areas based on the supply and demand of teachers qualified to teach those subjects or positions, maintaining a list that includes⁶:

Exhibit 14: Hard To Fill Subjects and Positions

Hard to Fill Subjects	Hard to Fill Positions
Biology	Occupational Therapist
Chemistry	Physical Therapist
Early Childhood Special Education	School Nurse
Earth Science	School Psychologist
Mathematics	Speech Language Pathologist
Middle Level Math	
Middle Level Science	
Physics	
Science	
Special Education	

Hard to fill positions defined by each state are used for state level alternative routes to certification programs to align alternative certification programs to teacher shortage areas. In addition, each state submits their list to the U.S. Department of Education for student loan forgiveness for Perkins and Stafford federal loans.

The Professional Educator Standards Board was authorized in the 2007 Legislative session to provide funding under the Educator Retooling Program to support Washington State certified teachers to add the following shortage area endorsements: Bilingual Education, English Language Learner, Mathematics, Middle Level Math/Science, Secondary Science and Special Education. The Educator Retooling Program provides \$3,000 per year for teachers to add

shortage area endorsements, with the requirement that upon attainment of the endorsement, the teacher will be required to serve for two years in Washington public schools.

Research on hard to fill positions in public education has focused on science, technology, engineering and math (STEM), special education and bilingual/ELL subject areas. Some research has found that math and science teachers have greater rates of attrition than teachers in other fields.⁷ Additionally, Milanowski found that low pay was frequently cited as a reason to not pursue a teaching career by undergraduate STEM majors.⁸

Hard to Fill Schools

There is a large body of evidence from research that the schools with higher percentages of students in poverty (as defined by participation in the Free and Reduced Lunch Program and Title I funding) and higher percentages of students of color, with low levels of student achievement experience the most difficulty attracting and retaining experienced, qualified teachers. Most often, these “hard to fill” schools are disproportionately staffed by teachers who are inexperienced and uncertified and teaching in positions for which they have had minimal formal preparation.⁹ Hard to fill schools have higher than average rates of teacher turnover.¹⁰ Some researchers have found that when teachers leave hard to fill schools it is most often to go to schools with higher levels of student achievement and fewer low-income, students of color.¹¹ Other aspects of a job placement are important to teachers. Some research has found that effective school leadership affects teacher decisions about working in a school, particularly a hard to fill school.¹²

Financial Incentives

Teacher turnover is affected both by the pay and the working conditions in a school, with the characteristics of the student population potentially serving as a proxy for both.¹³ It isn't clear whether higher pay or better working conditions would be a cost effective way to improve teacher recruitment and retention. When teachers do consider working in hard to fill schools, research has found that they look for effective leadership and administration, favorable working conditions, adequate resources and like-minded, collaborative colleagues.¹⁴

Research to determine how large a financial incentive would need to be to attract and retain teachers in hard to fill schools and positions is limited. One study of a specific incentive program in North Carolina with a \$1,800 annual bonus to certified math, science and special education teachers in high-poverty, low-performing schools found that the effect of the relatively modest bonus was able to reduce teacher turnover by 12 percent.¹⁵ In a survey of undergraduate majors in science, math and technology to determine the salary levels and other working conditions necessary to teach, Milanowski found that an increase in entry-level salaries of about 25 percent would be needed to motivate about 20 percent of the respondents to consider becoming a teacher.¹⁶ In other research, Goldhaber suggested that the incentives of several thousand dollars that have been traditionally offered for hard to fill positions and schools are not big enough to be effective, with a difference of about \$11,000 a year between the earnings of math and science teachers and those with technological degrees working

outside of the teacher labor market.¹⁷ In research on transfer and exit patterns in Wisconsin, Imazeki found that teacher pay would have to increase by more than 15 to 20 percent to reduce teacher attrition rates in Milwaukee to levels similar to an average district in Wisconsin.¹⁸ Additionally, Hanushek et al. concluded that an incentive of 20-50 percent would be needed for teachers to teach in a school with large percentages of low-income students of color compared to a school that is predominantly White and Asian, with academically proficient students.¹⁹

Hard to Fill-Past Policy Recommendations:

Basic Education Finance Taskforce (BEFTF):

The Basic Education Finance Taskforce (BEFTF) proposed in their recommended salary allocation model to provide master teachers teaching in high-poverty schools a \$5,000 bonus. Additionally, the BEFTF recommended a regional labor market adjustment based on different job descriptions and duties (math, science, special education and English language learner teaching assignments).²⁰

Washington Learns

The Washington Learns Committee recommended to the Higher Education Coordinating Board (HECB) to expand the Future Teachers Conditional Scholarship and Loan Repayment Program to teachers who commit to a period teaching math or science in Washington.²¹

Arguments For Hard to Fill Bonuses:

- Bonuses for hard to fill subjects, schools and positions would give highly qualified teachers and educational staff associates incentives to serve in the hard to fill areas defined by the PESB.
- Recruitment and retention of highly qualified teachers and educational staff associates would benefit from the bonuses, with less human resource personnel time being devoted to finding employee candidates and dealing with attrition when it occurs.
- Hard to fill bonuses will benefit schools with higher percentages of students in poverty and higher percentages of students of color, with low levels of student achievement, as research has indicated that these schools have the most difficulty attracting and retaining experienced, qualified teachers.

Arguments Against Hard to Fill Bonuses:

- Hard to fill subjects, positions and schools may shift over time and the bonus would need to be calibrated to account for changes in supply and demand of teachers and educational staff associates (ESAs).
- A methodology for defining hard to fill subjects, schools and positions would need to be outlined in detail to account for local hiring decisions and human resources practices, in order to assure that the hard to fill subjects, schools and positions are due to staff shortages, not poor recruitment and placement practices.

- Due to the nature of the school year calendar, many staffing decisions are not made until the end of the spring quarter, during the summer proceeding the school year or the fall of the next academic year. The hard to fill bonus would have to be given after a year of service, which may fail to provide a timely incentive to those who would serve in those positions.

Hard to Fill Bonus Recommendation:

The Compensation Technical Working Group does not recommend including hard to fill bonuses as part of the definition of basic education. The Compensation TWG believes that the additional levels of compensation based on comparable wages, along with recognizing Educational Staff Associates past work experience will address the hard to fill subject areas. Additionally, the Compensation TWG strongly believes that when the prototypical schools funding model is fully funded by the Legislature, the increased staffing levels and program funding will improve the working conditions and retention of educators in hard to fill schools. However, the group does acknowledge that local communities may have a need to fund hard to fill bonuses for basic education staff, which would fall under the recommended 10 percent cap.

Evaluation

Since 1969, Washington law has required certificated employees to receive an annual evaluation; those employees judged unsatisfactory must be notified in writing of areas of improvement.²² As of the 2009-10 school year, 209 of the 295 school districts in Washington State had a binary evaluation system for certificated employees and less than one percent of teachers received an unsatisfactory rating.²³

During the 2010 legislative session, Engrossed Second Substitute Senate Bill (E2SSB 6696) directed the phase-in of a four-level rating system for evaluation of certificated classroom teachers and principals and revised the eight evaluation criteria.²⁴ During the 2011-12 school year, 16 school districts piloted a new evaluation system.

During the 2012 legislative session, Engrossed Substitute Senate Bill 5895 (ESSB 5895) clarified that each school district shall transition classroom teachers and principals to the new evaluation system beginning in the 2013-14 school year until all classroom teachers and principals are evaluated on the new evaluation system by the 2015-16 school year. ESSB 5895 requires that student growth data be a substantial factor in evaluating three of the eight evaluation criteria. Student growth data is defined as the change in student achievement between two points in time and must be based on multiple measures.

Research conducted on Danielson's Framework for Teaching, one of three instructional frameworks that will support the evaluation systems in Washington, has found a positive correlation between teacher evaluation scores and student achievement in other states.²⁵ However, the evaluation results vary across evaluators, strengthening the importance for evaluator training and monitoring of evaluators.²⁶

Evaluation-Past Policy Recommendations:

Quality Education Council (QEC) 2012 Report:

The Quality Education Council (QEC) recommended that the Legislature should, “maintain support for implementation of revised teacher and principal evaluation systems.”²⁷

Basic Education Finance Taskforce (BEFTF):

The Basic Education Finance Taskforce (BEFTF) proposed the creation of a peer review system with the Professional Educator Standards Board (PESB). Peer reviewers were defined as master teachers who use multiple measures to observe and analyze teacher practices. The proposed salary allocation model included increased compensation for peer reviewers.²⁸

Washington Learns:

No recommendations regarding evaluation were proposed by the Washington Learns Committee.

Arguments For Evaluation Bonuses

- If those being evaluated believe that the system is unbiased, tying compensation to the results of the evaluation could result in increased performance.
- If the evaluation system is reliable and valid, tying compensation to the results of the evaluation could result in increased performance.
- It could serve as a tool to attract individuals that value pay for performance into the teaching profession.

Arguments Against Evaluation Bonuses

- If the system is believed to be biased and unfair, tying compensation to that system could lead to increased conflict and litigation.
- Until the system is fully implemented, it is unknown how many individuals would be eligible for the increased compensation and there is a risk to the state in increased cost.

Evaluation Recommendation

Due to the potential litigation and unknown costs, the Compensation TWG does not recommend including evaluation results in the compensation structure.

Student Performance

The Compensation Technical Working Group reviewed research on performance pay or additional compensation for increases in student achievement, as measured by test scores. The use of performance pay has evolved as student achievement measures have improved, including new research on statistical models of value added student gains that could be used to

estimate teacher effectiveness.²⁹ The amount of performance pay compensation structures has been limited to a few school districts and states, with limited research on the effects of the incentive on student achievement. Teacher performance pay programs tend to face opposition and few have continued beyond a pilot phase in part due to the complexity of implementation.³⁰ The research on the relatively few cases of pay for student performance or evaluation in the nation was reviewed in a meta-analysis by the Washington State Institute for Public Policy (Exhibit 6-Estimates of the Effect of Teacher Pay for Performance Programs on Student Outcomes); WSIPP found that performance pay programs do not consistently influence student test scores, “a few studies of teacher performance pay found positive effects while a few found negative effects.”³¹

Student performance results are available for limited grades and subjects. The two tests administered in Washington in order to meet the requirements of the Federal Elementary and Secondary Education Act are the Measures of Student Progress (MSP) and the High School Proficiency Exam (HSPE). The tests are only provided in the following subjects and grade levels:

- Reading: Grades 3, 4, 5, 6, 7, 8 and 10
- Writing: Grades 4, 7 and 10
- Math: Grades 3, 4, 5, 6, 7, 8 and 10
- Science: Grades 5, 8 and 10

Performance-Past Policy Recommendations:

Basic Education Finance Taskforce (BEFTF):

The Basic Education Finance Taskforce (BEFTF) recommended an incentive program be developed to provide bonuses to all school staff for significant improvements in student academic achievement. These bonus awards would be determined on multiple measures of student performance, including at a minimum: narrowing the achievement gap, raising standardized test scores and increasing student retention and graduation in secondary schools.³²

Washington Learns

The Washington Learns Committee included a recommendation that the salary allocation model would include pay for performance, knowledge and skills.³³

Arguments for Performance Bonuses

- Student achievement gains should be the primary motivation for all increases in compensation.
- Some believe evidence of student learning is the most valid measure of the effectiveness of a teacher and effective teachers should be given more compensation.

Arguments Against Performance Bonuses

- Others believe evidence of student achievement through summative assessments do not accurately reflect student learning, but only provide a snapshot of achievement.
- There may be a disincentive to teach students who are not academically proficient or at risk, in order to have a better chance of increasing student achievement and receiving additional compensation.
- There are many exogenous factors that affect student achievement that are outside of the control of the school or the teacher(s) of a student.
- Only certain grade levels and subjects are tested with the MSP/HSPE, which would result in many teachers not having test results data to be considered for the increased compensation.

Performance Recommendation

The Compensation Technical Working Group (TWG) does not recommend basing compensation on student test scores due to the inability to have consistent measures of student gains and the lack of research showing that a performance bonus has an effect on student achievement gains. The Compensation TWG believes that compensation based on student achievement would be inequitable because not all teachers would be eligible to receive the compensation due to the fact that state assessments are not available in every grade or subject.

Student Loan Forgiveness and Tuition Reimbursement

Student loan forgiveness programs have been created to help recruit and retain employees by providing compensation for those with student debt. Under certain conditions, the federal government will cancel all or part of a federal educational loan. The use of loan forgiveness is almost exclusively reserved for individuals serving the public in some manner, either through volunteering, serving in the military, teaching or practicing medicine in certain types of communities and teaching in low-income schools or teacher shortage areas.

Federal Stafford loan forgiveness is provided for teachers serving in a subject matter shortage or in a low-income school. Federal subject matter shortages areas include math, science and special education. Low income schools are defined as those that qualify for funds under Title I of the Elementary and Secondary Education Act of 1965, as amended; been selected by the U.S. Department of Education based on determination that more than 30 percent of the school's total enrollment is made up of children who qualify for services under Title I; be operated by the Bureau of Indian Education (BIE) or operated on Indian reservations by Indian tribal groups under contract with the BIE; or are listed in the Annual Directory of Designated Low-Income Schools for Teacher Cancellation Benefits.³⁴

Federal Perkins loan forgiveness is provided for teachers serving in a low-income school, special education teachers, including teachers of infants, toddlers, children or youth with disabilities or teachers in the fields of mathematics, science, foreign languages, or bilingual education or in a

other field of expertise determined by a state education agency to have shortage of qualified teachers in that state.³⁵

Another way of providing a bonus for educational advancement is to adopt a tuition reimbursement policy for approved higher education programs successfully completed by employees and aligned to their current work responsibilities. The Washington Office of the State Human Resources Director (formerly Washington’s Department of Personnel) recognizes tuition reimbursement for state employees, creating a tuition reimbursement form that state agencies can use to develop their own tuition reimbursement policies. Authorized under RCW 41.06.133 and WAC 357-34-030, tuition reimbursement only applies to qualified state employees. Additionally, RCW 28B.15.558-Waiver of tuition and fees for state employees and educational employees provides tuition waivers on a “space available basis” at all state universities and community colleges for “teachers and other certificated staff employed at public common and vocational schools, holding or seeking a valid endorsement and assignment in a state-identified shortage area.”³⁶

Student Loan Forgiveness and Tuition Reimbursement-Past Policy Recommendations:

Basic Education Finance Taskforce (BEFTF):

No recommendations regarding student loan forgiveness or educational reimbursement were proposed by the Basic Education Finance Taskforce (BEFTF).

Washington Learns

The Washington Learns Committee recommended that the Higher Education Coordinating Board (HECB) expand the Future Teachers Conditional Scholarship and Loan Repayment Program for teachers who commit to a period teaching math and science in Washington.³⁷

Arguments For Student Loan Forgiveness and Tuition Reimbursement:

- Continuing professional development and educational attainment benefits employees and providing loan forgiveness and educational tuition reimbursement will increase the capacity of employees.
- Recruitment and retention of employees could be improved by providing additional compensation through loan forgiveness and tuition reimbursement.
- Tuition reimbursement and student loan forgiveness are less costly because they are one-time payments rather than ongoing salary enhancements.

Arguments Against Student Loan Forgiveness and Tuition Reimbursement:

- Investments in loan forgiveness and tuition reimbursement should only be made for courses of study that lead to greater teacher effectiveness or are directly related to job associated responsibilities.
- Loan Forgiveness is already provided through the federal government for Stafford and Perkins Loans and the Public Service Forgiveness Program. A state loan forgiveness program would be repetitive.

Student Loan Forgiveness and Tuition Reimbursement Recommendation

The Compensation Technical Working Group does not recommends that tuition reimbursement and student loan forgiveness programs be funded, but instead recommends that advanced degrees be included in the salary allocation model. However, tuition reimbursement and student loan forgiveness policies could be created at the district level to allow employees to apply for reimbursement for qualified educational programs.

ENDNOTES

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