



Center for
Educator Compensation
Reform

Case Summary

Pay for Performance in Idaho



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Pay for Performance in Idaho

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Introduction

In March 2011, Idaho Governor C.L. “Butch” Otter signed Senate Bill 1110 into law. The law created a pay-for-performance program for teachers and administrators as part of the governor’s new education reform package, Students Come First. This statewide pay-for-performance program is the most recent achievement in a series of efforts by the Idaho State Department of Education (ISDE) to reform educator compensation. Recent developments in pay for performance in Idaho, coupled with the state’s past efforts to implement such a program, provide valuable insights into the successes and challenges associated with pay-for-performance programs.

This case summary begins with an overview of recent pay-for-performance efforts in Idaho, which ISDE drew upon to inform the design of Students Come First. It then provides detailed descriptions of the program’s design, discusses implementation efforts, and identifies potential sustainability challenges. The case summary concludes with a discussion of lessons learned from Idaho’s pay-for-performance experiences.

Center for Educator Compensation Reform (CECR) staff gathered the information in this case summary from ISDE documents about Students Come First as well as news articles and interviews with key stakeholders. Using a structured protocol, CECR staff spoke with a state administrator, a district superintendent, two union leaders, and a teacher. Interviewees provided insight into the planning and implementation of Students Come First and offered multiple perspectives of pay for performance as a compensation reform.

Case Summary at a Glance

- The pay-for-performance program in Students Come First is a statewide effort to reward teachers for successful work in the classroom.
- The program, when fully implemented, will offer incentives to teachers for fostering student achievement growth and excellence, teaching in hard-to-fill positions, and pursuing leadership opportunities.
- Garnering and sustaining political and financial support for an Idaho pay-for-performance program during tight fiscal times remains a challenge.

A Brief Overview of Pay for Performance in Idaho

Prior to the passage of Senate Bill 1110, ISDE attempted multiple times to create a statewide pay-for-performance system. The recent program signed into law draws largely upon the experiences of the New Plymouth School District, a district in Idaho with a long history of pay for performance, and from the lessons learned from previous state attempts to institute a new compensation program.

New Plymouth School District

New Plymouth School District has implemented performance pay for more than 10 years. The program began with small pilot projects at the middle school. Over time, the pilot activities have evolved into a formal pay-for-performance program districtwide. At the beginning of each school year, teams of teachers craft group performance goals that include targets for student achievement scores. A Performance Pay Committee—consisting of three teachers (at least two of whom must be union members), the superintendent, and two board members—then reviews and approves the goals. At the end of the year, a team at each school determines the extent to which teachers have met their data-based performance goals. Teachers receive up to \$1,000 in bonuses on a sliding scale, meaning that they can receive a partial award for partial attainment of the performance goal. Funding for these bonuses comes from the district's Title I funds (Dunlap, Guan, Johnson, & Poppino, 2011).

The New Plymouth program has been successful for a long time, but the program faced opposition during its early implementation. Some teachers initially resisted the district's pay-for-performance program because they did not believe that a monetary incentive would encourage them to work harder. To acknowledge teachers' efforts and encourage greater

stakeholder buy-in, the district designed the program so that the majority of teachers would receive at least a partial reward. In addition, the district's plan utilized group incentives so that teachers would not feel penalized for working with a group of low-performing students. According to New Plymouth's superintendent, the sliding scale and group incentives made the awards attainable and increased teachers' willingness to participate (R. Kerby, personal communication, December 29, 2011).

As a result of this program, the district saw several positive changes. New Plymouth's superintendent noted increased collaboration and leadership among teachers (R. Kerby, personal communication, December 29, 2011). Student achievement also increased. Once a low-performing district, in recent years New Plymouth has outperformed state proficiency rates in all tested subject areas since 2006 (Idaho State Department of Education, n.d.; Idaho State Department of Education, 2011a). Consequently, when crafting the statewide plan, members of ISDE drew upon the experiences of New Plymouth both as a success story and as a source of lessons learned. Many of the state sample policy guidance documents, such as the local share awards template, came from the New Plymouth School District, for example.

iSTARS

In 2007, State Superintendent Tom Luna unveiled a statewide pay-for-performance plan called the Idaho State Teacher Advancement and Recognition System, or iSTARS. In its original form, the plan called for \$60 million to distribute pay-for-performance bonuses and included provisions to make it easier to fire teachers. The plan received pushback, however, for a few reasons. For example, state senators expressed concerns about the cost and long-term sustainability of the plan; in addition, teachers argued against iSTARS because they

thought it would threaten job security and place too much emphasis on one test (Ferguson, 2008; Logan, 2008; Rodriguez, 2008). State Superintendent Luna revised the original plan by reducing the funding required to \$20 million and eliminating the firing provisions.

Even in its revised form, Idaho never enacted the iSTARS plan. When iSTARS was presented to the Legislature in 2008, the state senate voted against it in a 19–16 vote (Associated Press, 2008). Senators who opposed the plan expressed concern that it was too costly given the tight economy (Goins, 2008; J. Hancock, personal communication, December 26, 2011). However, when creating a pay-for-performance program to include in the state’s Race to the Top application, ISDE kept the structure of iSTARS intact.

Race to the Top

Shortly after the failure of iSTARS, ISDE assembled a committee to develop a new pay-for-performance plan. The committee consisted of multiple stakeholders: a leader from the Idaho Association of School Administrators (IASA), three representatives from the Idaho Education Association (IEA), members of the State Board of Education, and two school superintendents. The Race to the Top deadline provided the committee with a deadline for creating a pay-for-performance program (J. Hancock, personal communication, December 26, 2011). The federal competition incentivized various stakeholders to collaborate to compete for federal funds and one of those collaborative efforts resulted in a pay-for-performance plan.

In 2010, Idaho submitted its Race to the Top application. As part of the application, various stakeholders—including the Idaho School Boards Association, the IASA, IEA, the Idaho Business Coalition for Education Excellence, and the Idaho

Charter School Network—agreed to a pay-for-performance plan (Idaho State Department of Education, 2009). Although Idaho did not receive a Race to the Top grant, ISDE integrated the revised pay-for-performance plan into its most recent reform package: Students Come First.

Students Come First

The most recent pay-for-performance plan arose from efforts to improve the state’s financial issues. In 2011, State Superintendent Luna argued that the current expenditures of Idaho’s schools were unsustainable. In the two years leading up to 2011, Idaho cut \$200 million from the public schools budget (Idaho State Department of Education, 2011f) and schools dealt with reduced budgets through furloughs, four-day school weeks, rearranged bus schedules, and salary freezes (Idaho State Department of Education, 2011g). According to one ISDE official, the state needed “a real fundamental change in how [it] delivered education,” if it is going to tackle its considerable fiscal challenges (J. Hancock, personal communication, December 26, 2011). To address these challenges, State Superintendent Luna and the governor presented Students Come First, a set of reforms contained within three legislative bills (Education_Idaho, 2011). This legislation included phasing out tenure, eliminating seniority as a factor in reduction-of-force decisions, creating a fiscal report card that would provide the public with information about school expenditures, and developing digital learning requirements.

Students Come First also included provisions for a pay-for-performance plan that would reward teachers for producing high student achievement and, over time, reward teachers for working in hard-to-fill positions and for assuming leadership roles within their schools. The structure of this program largely reflected the plan included in Idaho’s Race to the Top application and drew upon the expertise

of New Plymouth School District. After multiple failed attempts and lessons learned, ISDE successfully created and adopted a statewide pay-for-performance plan.

The adoption of the new pay-for-performance program was not without controversy. An ISDE official noted that the support of the governor for Students Come First was critical to successfully moving the Students Come First bills through the Legislature—a different situation than for iSTARS, which did not have as strong support from the governor (J. Hancock, personal communication, December 26, 2011). In addition, the state Legislature may have been more amicable to pay for performance because State Superintendent Luna framed Students Come First as a cost-saving rather than a cost-incurring plan. On the other hand, the public has voiced discontent with the Students Come First laws, which threatens not only the success of more contentious parts of the laws, such as limitations on teacher’s collective bargaining abilities, but also the pay-for-performance program. Thus, despite Idaho’s success in passing a pay-for-performance plan, the success and longevity of the program remain unknown.

Design

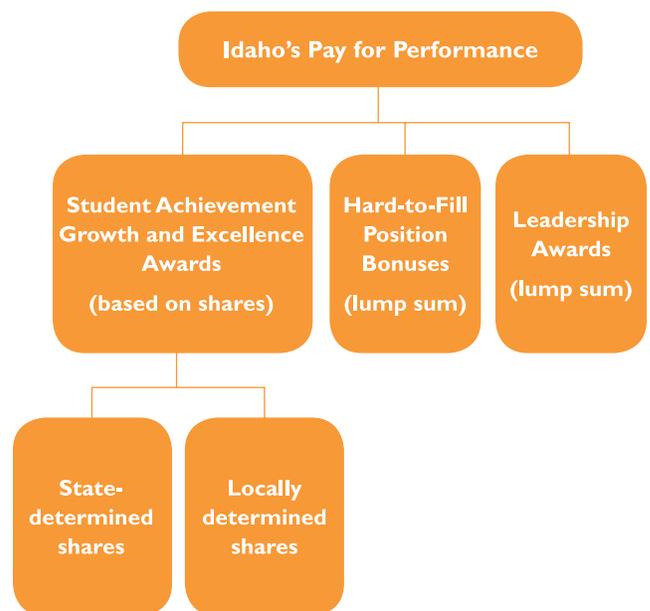
The pay-for-performance initiative in Students Come First is not intended to make teachers work harder; rather, this initiative is intended to be a salary bonus that rewards teachers for the work they already are doing (Idaho State Department of Education, 2011c). The plan seeks to give teachers more control over their pay and reward teacher excellence (J. Hancock, personal communication, December 26, 2011).

Although Students Come First focuses on bonuses, ISDE views pay for performance as a step toward a more holistic reform in teacher compensation. In recent years, the Legislature has granted educator salary increases that are not on par with salary increases

for other state employees. One ISDE staff member explained that Idahoan legislators and policymakers do not feel comfortable investing taxpayers’ money into higher educator salaries because the current compensation system does not hold teachers accountable or reward excellence. The pay-for-performance program is a step toward a more accountable compensation system that rewards effective teachers (J. Hancock, personal communication, December 26, 2011).

Figure 1 indicates the pay-for-performance program’s three types of rewards: (1) student achievement growth and excellence rewards based on student achievement, (2) bonuses for teaching in hard-to-fill positions, and (3) leadership awards for assuming additional responsibilities within a school.

Figure 1. The Design of Idaho’s Pay-for-Performance Program



Though ISDE runs the program, each district has the autonomy to shape the program to fit its local needs. Each district currently creates local pay-for-performance plans for the locally determined portion of the student achievement growth and excellence rewards. These plans include student achievement goals for groups of teachers. In 2013,

district plans also will need to include criteria for hard-to-fill bonuses and leadership awards—should they choose to offer these incentives. A review committee organized by ISDE must approve all district plans prior to implementation.

Student Achievement Growth and Excellence Awards

As shown in Figure 1, the state determines half of the student achievement growth and excellence awards, and local districts determine the other half. The state bases its portion of the award on school-wide Idaho Standards Achievement Test (ISAT) scores. For the district-determined portion, each district’s board of trustees, in consultation with teachers and administrators, creates the award. The board bases the award on district needs.

Instead of specifying award amounts for different performance levels, ISDE and local districts assign shares to teachers. For example, instead of specifying that teachers can earn \$5,000 or \$10,000 for partial attainment of a goal, ISDE assigns teachers a partial share. Though the share system is more complex than other systems, it ensures that all teachers who earn a reward will receive some compensation for their efforts, regardless of funding levels. Each participating teacher can earn up to one state share and one local share. In order to receive an award, educators must earn, at a minimum, a partial state share and a partial local share. After determining the total number of shares from teachers across the state, ISDE appropriately divides that number with the funds available for student achievement growth and excellence awards. ISDE and districts then use this figure to calculate the payouts for each individual teacher.

State-Determined Awards. As previously mentioned, ISDE uses student ISAT scores to determine student growth and excellence as well as the shares

that a teacher receives. ISAT scores are incorporated into the Colorado Growth Model (a model for determining and displaying student progress on state assessments) to calculate the median student growth percentile in each school across the state. Based upon these percentiles, ISDE then ranks schools into quartiles. This school ranking determines how many state shares each teacher will receive for student growth. Table 1 shows a breakdown of the state shares.

For the excellence portion of state awards, ISDE generates a school’s median standardized scores based upon ISAT data. ISDE then ranks schools based on their median standardized scores. Teachers receive state shares for excellence based on where their school falls among these median standardized scores, as shown in Table 2.

Table 1. State Share Allocations for Student Growth

Quartiles	Instructional Shares	Administrative Shares
1st highest quartile	1.00	2.00
2nd highest quartile	0.50	1.00
3rd highest quartile	0.25	0.50
4th highest quartile	0.00	0.00

Source: Idaho State Department of Education (2011b)

Table 2. State Share Allocations for Student Excellence

Quartiles	Instructional Shares	Administrative Shares
1st highest quartile	0.50	1.00
2nd highest quartile	0.25	0.50
3rd highest quartile	0.00	0.00
4th highest quartile	0.00	0.00

Source: Idaho State Department of Education (2011b)

District-Determined Awards. Each district is required to develop a plan that includes information on its approach for determining locally based measures used to award local shares to teachers. Each district’s board of trustees is responsible for crafting plans in consultation with teachers and administrators (Idaho State Department of Education, 2011e). When designing plans for allocating local shares, a

district board of trustees can choose from a variety of measures approved by ISDE, as shown in Table 3. The ISDE noted that the department wanted to “give districts the flexibility to identify the things that are important to them and the things that they want to see improved” (J. Hancock, personal communication, December 26, 2011).

Table 3. ISDE’s Acceptable Measurements for the Local Student Achievement Component

1. End-of-course assessments (EOCs)
2. Idaho Reading Indicator (IRI)
3. Disaggregated Idaho Standards Achievement Test (ISAT) data
4. Graduation rate
5. Dropout rate
6. Percent of graduates attending postsecondary education or entering the military
7. ACT scores
8. SAT scores
9. Achievement of adequate yearly progress (AYP)
10. Number of concurrent credit or Advanced Placement (AP) courses successfully completed
11. Passing rates on college placement exams
12. Curriculum-based measures
13. Percentage of students involved in extracurricular activities
14. Class projects
15. Portfolios
16. Special assignments
17. Parent involvement
18. Teacher grades
19. Improved rates of attendance

Source: Idaho State Department of Education (2011a)

Similar to the state shares, the district shares award groups of teachers rather than individuals. By offering group incentives, ISDE hopes to encourage, rather than minimize, collaboration among teachers (J. Hancock, personal communication, December 26, 2011; R. Kerby, personal communication, December 29, 2011).

Hard-to-Fill Awards

The ISDE designed hard-to-fill bonuses to reward educators who work in shortage areas. Beginning in spring 2013, ISDE will rank positions according to local school districts’ difficulty in hiring and retaining qualified candidates in specific grades and subjects and then identify up to one third of certified instructional positions as hard-to-fill. Each district’s board of trustees will then select which state-identified positions qualify for bonuses within their district by ranking the positions based upon the district’s difficulty of recruiting and retaining people for state-designated hard-to-fill positions. Each district will be able to designate up to 10 percent of its certificated instructional positions as hard-to-fill (Idaho State Department of Education, 2011e).

If the local board of trustees does not believe it will be able to successfully attract and retain qualified candidates using the hard-to-fill award, it can use the designated money to pay for the certification training and coursework of a current employee or another individual in the hard-to-fill area. In this case, the hard-to-fill awards act as an alternative certification program. Teachers who receive the training must pass all required classes and “must work for the school district at least one year in the designated certificate or endorsement area for each fiscal year in which the school district made payments for training and coursework” (Idaho State Department of Education, 2011e, p. 4).

Leadership Awards

Beginning in the 2013–14 school year, districts also will be able to offer leadership awards of up to 25 percent of their certified instructional employees. Districts will offer leadership awards to recognize excellence and efforts above and beyond a teacher’s required duties. Any certified employee with three or more years of experience will be eligible for a

leadership award. Sample leadership roles include developing assessments or curriculum, writing grants, analyzing data, serving as a lead teacher, and earning National Board Certification (Idaho State Department of Education, 2011d). Similar to hard-to-fill awards, the district boards of trustees will determine the eligibility criteria for leadership awards and the payout associated with the awards.

Implementation

Students Come First requires a variety of stakeholders to engage in the design and implementation of the pay-for-performance initiative. To encourage buy-in and support implementation, the Idaho State Department of Education has provided a variety of supports to schools, including meetings, school visits, and guidance.

After the Idaho Legislature passed the Students Come First laws in March and April 2011, members of ISDE participated in a post-legislative tour and held regional meetings for districts across the state. At some of these meetings, the superintendent from the New Plymouth School District shared his district's experiences with pay for performance (R. Kerby, personal communication, December 29, 2011). ISDE supplemented these initial meetings with guidance documents, webinars, and model policies as well as plans that are available on the ISDE and Students Come First websites. During early implementation, ISDE staff fielded calls from districts to provide guidance on an individualized basis.

The implementation timeline has been a challenge for districts. ISDE required that all districts submit their pay-for-performance plans for the 2011–12 school year by September 1, 2011. This timeline gave districts four months to navigate the new process in the laws, develop local plans that use appropriate measures of student achievement, garner stakeholder buy-in, obtain feedback from teachers, and ensure that the bonus system was equitable

for all educators (Rodine, 2011). In response to the challenge of the tight timeline, ISDE allowed districts to default to the state's model plan for the first year of implementation. Of the more than 150 districts and charter schools in the state, two-thirds submitted plans. Of the two-thirds that submitted a plan, a third deferred to the state plan.

After districts submitted their plans, ISDE created a committee to review them. The committee consisted of four staff members from ISDE, a school superintendent, a school principal, a state senator, and a teacher (J. Hancock, personal communication, December 26, 2011). According to committee members, most district plans required some reworking. Common errors included overlooking certain groups of eligible staff, such as principals, and choosing goals that are difficult to measure, such as “teachers will have a well-organized classroom” (J. Hancock, personal communication, December 26, 2011; R. Kerby, personal communication, December 29, 2011; R. Winslow, personal communication, January 10, 2012).

After reviewing the plans, the committee sent a letter to each district either approving their plan or providing suggestions for revision (J. Hancock, personal communication, December 26, 2011). Districts then had until December 1, 2011, to review and resubmit their revised plans (J. Hancock, personal communication, December 26, 2011). ISDE received revised plans from all previously unapproved districts and approved the changes.

In the future, ISDE will take on additional responsibilities for the program. ISDE will begin the implementation of the leadership and hard-to-fill awards. Beginning in fall 2013, districts will decide if they will implement leadership or hard-to-fill rewards and designate eligibility for each if applicable (Idaho State Department of Education, 2011e). ISDE also aims to locate best practices with regard to pay-for-performance designs (J. Hancock, personal

communication, December 26, 2011). Because the pay-for-performance plan gives districts flexibility, Idaho will be able to examine the success of multiple program designs (J. Hancock, personal communication, December 26, 2011). ISDE intends to draw some conclusions based on which plans are successful at raising student achievement and using that information to inform future planning and revisions of the statewide plan.

Program Sustainability

Because Idaho's pay-for-performance program is still in its infancy, the longevity of the initiative is unknown. By writing the plan into law and funding pay for performance as part of the state education formula, the state has set up supports to ensure funding availability.

Equally important as adequate funding, however, is support from key stakeholders. Many legislators, individuals, and organizations—including IEA—oppose the Students Come First laws. In April 2011, IEA, local affiliates, and a teacher sued the State of Idaho, Governor Otter, and State Superintendent Luna by arguing the laws were unconstitutional (Idaho Education Association, 2011a). Though Students Come First survived the court case, in which the judge ruled the laws constitutional, Idahoians seek to repeal the legislation through a referendum (Ki, 2011). Idaho constituents will vote on whether to accept or reject the Students Come First reforms.

With specific regard to the pay-for-performance program, both IEA and IASA disagree with the current funding structure of the plan. IASA recently stated that it supports pay for performance but not in its current form. Given the budgetary issues, IASA is against funding pay for performance in lieu of other educational programs and personnel (IASA, 2011). Similarly, an IEA leader explained:

We've already suffered three years of cuts to education in this state. ... With the three years of budget cuts to the state education system, it's not really the best time to implement a pay-for-performance program when those holes are not backfilled and there's not enough money for this. (P. Cyr, personal communication, January 10, 2012)¹

In response to the opposition, State Superintendent Luna and Governor Otter each presented their own budget proposals in early January 2012. The superintendent requested a \$69.3 million increase in education funding and suggested a raise for teachers to offset the \$19.5 million scheduled to be moved from teachers' salaries to merit pay bonuses and technology this year (Russell, 2012a). Governor Otter also proposed a budget increase to offset the implementation costs of Students Come First, but he did not support revising the funding structure of the pay-for-performance program (Russell, 2012a). Recent interviews suggest that the state Legislature is determined to revise the Students Come First laws, including changing funding mechanisms, changing the definition of "online course," and altering some of the most contentious parts of the laws, in response to the impending referendum and upcoming 2012 elections (Borghini, 2012; Fink, 2012; Russell, 2012b; R. Winslow, personal communication, January 9, 2012). Some Idaho legislators are optimistic that the upcoming referendum will spur revision to the contentious laws, but others remain skeptical, believing that changes made will only temporarily mitigate negative aspects of the programs until after the referendum (Borghini, 2012).

¹The IEA opposes the pay-for-performance plan for additional reasons. The organization disagrees with reducing the amount of money available to increase teacher salaries through the plan. In addition, IEA holds that all school employees—not just teachers and administrators—should be included in pay-for-performance plans (Idaho Education Association, 2011b).

Finally, the success of the program will further affect its sustainability. In order for the pay-for-performance program to succeed, ISDE will need to assure voters that the program and the rest of Students Come First reforms provide a better education to Idaho students using limited funds. The department has created a website separate from the ISDE website, www.studentscomefirst.org, which explains the initiative and attempts to dispel myths surrounding the laws. ISDE also intends to provide voters with evidence of success based on ISAT scores, but it may be too early in the program's implementation to show significant student growth.

Lessons Learned

Idaho's experience highlights some of the common themes regarding the design and implementation of pay-for-performance programs.

First, when districts and states craft their pay-for-performance program, they should be aware of local needs and preferences. All interviewees praised the Students Come First plan for its district flexibility. The state provided a framework for pay for performance but left districts with considerable discretion to shape plans to fit local needs and preferences. This flexibility allows stakeholders to take ownership of pay for performance in their local school district.

Second, engaging stakeholders in the planning and implementation processes is essential. Obtaining input from stakeholders and collaborating with them to create a defensible pay-for-performance plan increases the likelihood that they will buy into and support the program. Although ISDE attempted to collaborate with stakeholder groups during its preparation of the Race to the Top application, stakeholders did not feel they had adequate opportunity to provide input on the current pay-for-performance plan (P. Cyr, personal communication, January 10, 2012; R. Winslow, personal communication, January 10, 2012; R. Gasparotti, personal

communication, January 11, 2012). ISDE may want to seize future opportunities to collaborate with stakeholders during the planning stages of initiatives.

Third, pay-for-performance programs should be both financially sustainable and politically viable. ISDE created a financing mechanism to ensure the fiscal sustainability of its program, but, in doing so, threatened its political viability. The pay-for-performance plan successfully moved through the Legislature but lacks the public's support. Although the pay-for-performance program intends to reward teacher excellence and provide teachers with more control over their pay, opponents argue that the current program does the opposite. Opponents also argue against the current plan to use funds allocated for teacher raises to support pay for performance when teachers had had pay cuts for the past few years. In addition, some question how instituting pay for performance while trimming other areas from the state education budget supports students and learning. Hence, maintaining support for educator compensation reforms during tough economic times will likely remain challenging and require clear, consistent communication. Idaho, like many other states, may need to continue to consider alternative funding structures in order to strengthen the implementation of its compensation reform initiatives.

Conclusion

Idaho's experience highlights the challenges associated with implementing statewide pay-for-performance programs. ISDE created a statewide pay-for-performance program to reward excellent teachers and to move toward increasing teacher pay. When designing the program, Idaho attempted to provide districts with the power to shape local pay-for-performance plans and locate sustainable funding structures. Despite these efforts, implementing pay for performance during a time of fiscal austerity remains a challenge.

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