



Center for  
Educator Compensation  
Reform

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Reform Glossary of Performance-  
Based Compensation Terms*

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# Center for Educator Compensation Reform Glossary of Performance-Based Compensation Terms

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Establishing a strong understanding of the various terms associated with performance-based compensation can support states and districts as they develop and implement a performance-based compensation program. Unfortunately, the vocabulary surrounding alternative compensation often appears similar, and it can be difficult to understand the nuanced differences among the terms. The Center for Educator Compensation Reform (CECR) has created a glossary of key terms related to performance-based compensation. This glossary will help clarify common vocabulary, aid states and districts that are beginning work in performance-based compensation, and help users navigate the tools and resources available on the CECR website.

## General Terms

**Differentiated pay**—A form of pay separate from the single-salary schedule for teachers of hard-to-staff schools or who take on leadership roles—such as curriculum specialist, data coach, instructional specialist, or mentor—or provide professional development to colleagues. Differentiated pay also can be referred to as market pay (Rowland & Potemski, 2009, p. 12).

**External Validity**—The ability to generalize the findings from the research design to similar situations in the general unstudied population. In other words, it is the degree to which conclusions about the evaluated intervention would hold for similar interventions in other places and times. Two ways to make a study generalizable are sampling and proximal similarity (Witham, Jones, Milanowski, Thorn, & Kimball, 2011, p. 44).

**Human resource alignment**—A strategy to ensure that all human resource practices, programs, and activities promote acquiring, developing, and motivating teachers and principals with the desired skills and behaviors. This alignment process also helps to ensure that these activities work together in a supportive way (Heneman & Milanowski, 2011, p. 3). There are two forms of alignment:

- **Vertical alignment**—A strategy to ensure that performance competencies are embedded in all human resource practices, such as interview questions and professional development activities, with the same competency focus (Heneman & Milanowski, 2011, p. 3).

- **Horizontal alignment**—A human resource management approach that encourages all practices—from recruitment, induction, and evaluation to professional development—to fit together collaboratively. An example of a horizontally aligned human resource practice would be using the results from a competency-focused teacher evaluation to identify professional development for teachers (Heneman & Milanowski, 2011, p. 3).

**Hybrid award programs**—A performance-pay system in which teachers have the opportunity to earn both an individual award based on their own performance and a schoolwide or group award based on the performance of the entire school or group (Potemski, Rowland, & Witham, 2011, p. 4).

**Individual award**—A bonus to an individual teacher or principal based on performance (Potemski, Rowland, & Witham, 2011, p. 4).

**Internal validity**—Measures the strength of causal relationships. Internal validity is concerned only with evidence that the specific program or intervention caused the observed outcome. Research designs must meet certain criteria in order to establish internal validity, including temporal precedence, covariation of the cause and effect, and no-plausible-alternative explanation (Witham, Jones, Milanowski, Thorn, & Kimball, 2011, p. 43).

**Inter-rater agreement**—Measures the frequency of two or more evaluators assigning the same exact rating (Graham, Milanowski, & Miller, 2011, p. 5).

**Inter-rater reliability**—Measures the relative similarities between two or more sets of ratings (Graham, Milanowski, & Miller, 2011, p. 5). For example, two evaluators could give a teacher relatively similar scores for every component for high inter-rater reliability but have no agreement in their scores.

**Knowledge- and skill-based pay**—Compensation based on acquiring new knowledge and/or demonstrating an improved expertise or ability, such as obtaining an advance degree, National Board certification, or taking on a new role in a school (Rowland & Potemski, 2009, p. 12).

**Merit pay**—Often associated with alternative compensation from the 1980s, the term refers to teacher compensation based on a sole measure of performance—either on principal evaluations (1980s-style merit pay) or student standardized test scores (current-style merit pay). Performance-based compensation evolved from previous “merit pay” programs and includes a comprehensive evaluation system based on multiple measures of performance rather than just one measure, such as a principal’s evaluation (Rowland & Potemski, 2009, p. 12).

**Performance competencies**—The skills and behaviors that teachers and principals are expected to exhibit in their jobs. Typical skills for a teacher include instructional planning, classroom management, instruction, and professionalism. An example behavior for a teacher is using student data when developing instructional units (Heneman & Milanowski, 2011, p. 4).

**Performance-based compensation/Pay-for-performance/Performance pay**—Generally refers to programs created since 2000 that base teachers’ pay on their performance in the classroom. Compensation is determined by a comprehensive evaluation system that includes multiple measures of a teacher’s performance (e.g., classroom observations, student growth data, portfolio of student work, and other measures) (Rowland & Potemski, 2009, p. 12).

**Reliability**—The extent to which a performance measure, instrument, or assessment consistently measures the intended outcome on repeated trials. (Goe, Bell, & Little, 2008, p. 14).

**Schoolwide and group awards**—Additional pay for school staff that is based on the performance of the entire school or group of teachers, typically from the same grade or subject. For example, the entire school staff may receive a bonus for an increase in graduation rates, performance on state standardized tests, or increase in parental involvement (Potemski, Rowland, & Witham, 2011, p. 4).

**Stakeholder**—Any individual affected by a performance-based compensation system. This term includes internal stakeholders—such as teachers, principals, superintendents, school boards, unions or teacher associations, district personnel, and students—and external stakeholders, such as parents, the community, the media, and the business community (Koppich, 2010, pp. 2-3).

**Teacher incentive pay**—Additional compensation for teachers beyond the traditional single-salary schedule designed to attract teachers particularly for recruiting hard-to-staff subjects and schools. Examples of incentive pay include housing stipends, signing bonuses, and tuition reimbursement (Rowland & Potemski, 2009, p. 12).

**Validity**—The extent to which a measuring instrument measures what it is intended to measure. Validity is concerned with the study’s success at measuring what the researcher sets out to measure. (Carmines & Zeller, 1991, pp. 11-12).

## Terms for Measures of Teacher Performance

**360-degree evaluation**—Performance measure that includes feedback from multiple perspectives—including peers, supervisors, parents, students, and self—captured through surveys or interviews in conjunction with other data collection activities, such as observations or a document review. Often used with principal evaluations, 360-degree evaluations illustrate how the individual’s performance affects others in the school (Brown-Sims, 2010, p. 6).

**Formative evaluation**—Part of the teacher evaluation process in which teachers receive feedback from evaluators on their performance and are provided guidance on how to improve their practice (Goe, Bell, & Little, 2008, p. 14).

**Instructional artifact**—Performance measure in which raters, using standardized protocols, select and evaluate specific artifacts that demonstrate the teacher’s work. These artifacts can include letters to parents, open-house handouts, student assignments, grading guidelines, lesson plans, or student work (Little, Goe, & Bell, 2009, p. 9).

**Peer review**—Peer or master teachers observe a teacher’s instructional practice and provide feedback on the teacher’s practice. Peer reviewers can be from the same school or another school and usually specialize in the same content area as the teachers they observe (Humphrey, Koppich, Bland, & Bosetti, 2011).

**Portfolio**—A set of materials that represent teachers’ practice as it relates to student learning. For example, a summary of a teacher’s experiences and responsibilities, examples of the teacher’s students’ work, statements about the teacher’s goals and objectives for the course, a discussion of the teacher’s instructional methods and strategies, statements about the teacher’s future goals, and a summary of the teacher’s professional development activities (Miller & Scott, 2012, p. 3).

**Self-report measures**—Performance measure in which educators reflect upon and document their practice using evidence such as surveys, instructional logs, student assignments, and interviews (Little, Goe, & Bell, 2009, p. 11). This term is also sometimes referred to as self-assessment measures.

**Student learning objectives (SLOs)**—Goals set by teachers that specify what students will know, or be able to perform, after completing a quarter, semester, or school year. Teachers set SLOs at the beginning of the quarter, semester, or school year in order to assess whether students achieved the set goals (SLOs). Teachers set their targets based on a thorough review of available data reflecting their students’ baseline skills. Most often teachers’ targets are set and approved after collaboration and consultation with colleagues and administrators (Miller & Scott, 2012, p. 3).

**Summative evaluation**—Summative evaluation combines several measures of performance into a single, final performance score (Goe, Bell, & Little, 2008, p. 14).

## Terms for Measures of Student Performance

**Formative assessment**—Typically administered periodically throughout the school year, formative assessments are used to gauge student understanding of key concepts. Formative assessments provide teachers with feedback on student learning to make timely adjustments to their instruction to ensure that students meet academic goals (William, 2006, p. 284).

**Growth model**— A model that takes students' test scores from the current year and compares them to the previous year's scores to demonstrate each student's progress over the course of the current year. For example, if a fifth-grade teacher's students begin the year reading at a second-grade level and end the year reading at a fourth-grade level, then, though her students technically test below a fifth-grade reading level, this teacher was actually able to advance her students two years (Miller & Scott, 2012, pp. 1-2). There are multiple growth models, including the following:

- **Student growth percentile**—Allow states and/or districts to compare test score growth across groups of academic peers, which are students with similar test score histories in the same grade and subject. States and districts calculate percentile growth scores by ranking each student's growth with all other students who have similar student achievement histories. For example, students who grow at the median rate would earn a rank of 50, indicating that they performed better than half of their academic peers (Miller & Scott, 2012, p.2).

- **Value-added models (VAMs)**— A quasi-experimental growth model that yields estimates of the contribution of schools, teacher teams, classrooms, or individual teachers to growth in student achievement (or other student outcomes). These models control for other sources of student achievement growth, including prior student achievement, and some models also include student and family characteristics. The models produce value-added indicators under the counterfactual assumption that all schools serve the same group of students (Miller & Scott, 2012, p.9).

**Summative assessment**—A method of measuring student learning after instruction, typically at the end of the course to determine whether students met their learning objectives. Summative assessments are frequently used for accountability measures, and the most common examples include state standardized tests and end-of-course exams (Morgan, Dunn, O'Reilly, & Parry, 2004, p. 19).

**Vertically scaled assessment**—A form of assessment that scales students' performance consistently from one grade to the next. For example, a student's score reported along the same scale in Grade 11 compared to his or her score in Grade 5 can describe the student's gain over time (Briggs & Weeks, 2009, p. 4).

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