



Center for
Educator Compensation
Reform

Case Summary

*New York City's School-Wide
Performance Bonus Program*





New York City's School-Wide Performance Bonus Program

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Introduction and Background

In the fall of 2007, the New York City Department of Education (NYCDOE) implemented the first performance-pay program in its schools. A collaboration between NYCDOE and the United Federation of Teachers (UFT) (New York City's American Federation of Teachers affiliate), the New York City School-Wide Performance Bonus Program (SPBP) brought with it a new way of thinking about teacher salaries, performance-based pay, and incentives for teachers in hard-to-staff schools. Further, the program was an exemplar of union-district collaboration and the first of its kind in a school district of such size and varied student population. The privately funded SPBP incorporated whole-school awards and afforded teachers a voice in the decisions regarding award allocation.

Upon his election in 2002, Mayor Michael Bloomberg assumed control of New York City Schools; one of his first orders of business was revamping teacher salaries. Interested in

Case Summary at a Glance

- The New York City School-Wide Performance Bonus Program (SPBP) is a district-level pay-for-performance program that has been in place since 2007.
- SPBP features a school-wide reward structure over which school-based committees have authority. It utilizes multiple measures of teacher effectiveness.
- SPBP has, from its outset, been a collaborative effort between the New York City Department of Education (NYCDOE) and the United Federation of Teachers (UFT). A group of private funders financed the program for its first year of implementation.
- Lessons learned from SPBP speak to the need for transparency in communication, a better articulated set of performance measures, and a possible revision of the fund-dissemination stream.

performance pay from the outset of his term, Mayor Bloomberg worked with Chancellor Joel Klein to initiate conversation on this topic. Because New York City has collective bargaining and a strong union presence, the mayor and chancellor recognized that a performance-pay program would not succeed without the full support of the UFT. Also interested in performance pay, UFT President Randi Weingarten participated in the discourse and design process. After several years of debate and design, Mayor Bloomberg, NYCDOE, and the UFT unveiled a multifaceted program that served the following objectives (New York City Department of Education, 2008):

- Provide incentives and rewards to teachers in high-need schools that successfully increase student achievement.
- Institute a revised system of professional compensation for teachers.
- Create a climate of collaboration among faculty members.
- Attract and retain the most qualified educators.

Private funders financed the first year of the program, which targeted approximately 200 of the highest need schools in the district. Now in its third school year, SPBP has experienced successes, while also facing challenges.

This case summary examines the following aspects of SPBP:

- Impetus, original stakeholders, and funding
- Design
- Communication and outreach
- Implementation
- Benefits

- Lessons learned
- Action steps for advancing the program

The information detailed in this case summary is based on background interviews with two district administrators, a UFT representative, a teacher, and a member of the original funders' group, as well as written publications (e.g., news articles, press releases, and impact studies). Center for Educator Compensation Reform (CECR) staff used a structured protocol during background interviews to acquire consistent information about the program.

Impetus, Original Stakeholders, and Funding

Although SPBP began with buy-in from the district, the union, teachers, and funders, the impetus for the program came jointly from Mayor Bloomberg, Chancellor Klein, and President Weingarten. According to a former NYCDOE senior official, the leaders of the schools and the city came to an agreement that a new system of educator pay was necessary to advance the profession of teaching in New York (D. Weisberg, personal communication, July 12, 2010). The district believed that the alternative compensation system had to include objective measures of student achievement, as opposed to subjective, input-based metrics such as school climate, professional development credits, or overall teacher retention rates. Knowing that this might be a point of contention for the UFT, district officials added SPBP to the 2005 teacher contract as a complement to the main negotiation issue: pension reform. UFT President Weingarten provided union support for SPBP reform, and together, the union and district agreed to start implementation of the program in the 2007–08 school year.

UFT Secretary Michael Mendel reported that President Weingarten returned from negotiations with union negotiator Lucille Swaim and immediately began to discuss the possibility of SPBP reform with UFT staff. Union representatives and staffers agreed that the key element to a successful and viable performance-pay program was that it be school-wide; at the time, the UFT believed individual performance-pay bonuses to be divisive (M. Mendel, personal communication, July 20, 2010). Because the school-wide approach was in keeping with the proposed design of SPBP, the UFT was willing to compromise on the output-based measures of student achievement. With the union and district sharing a mission and vision for the program, they pursued funding.

To allay any fears about the program taking money away from standard public school funding, district officials decided to reach out to private foundations for fiscal support of SPBP. In December 2007, Chancellor Klein announced in a press release that the Robertson Foundation, the Partnership for New York City, and The Eli and Edythe Broad Foundation had committed \$15 million to the pilot program; the eventual amount raised was \$20 million. When asked to discuss the justification behind funding such a venture, Broad Foundation senior staffer Dan Katzir explained that giving dollars for SPBP was a “natural extension” of the foundation’s pre-existing work in New York City (D. Katzir, personal communication, July 8, 2010). In addition to this venture, The Broad Foundation has been a financial backer of the Teacher Advancement Program in both Chicago and Minneapolis. Further, because the proposed plan had a sustainability clause that indicated that the school system would take over the financing of the program after Year 1, funders were willing to contribute.

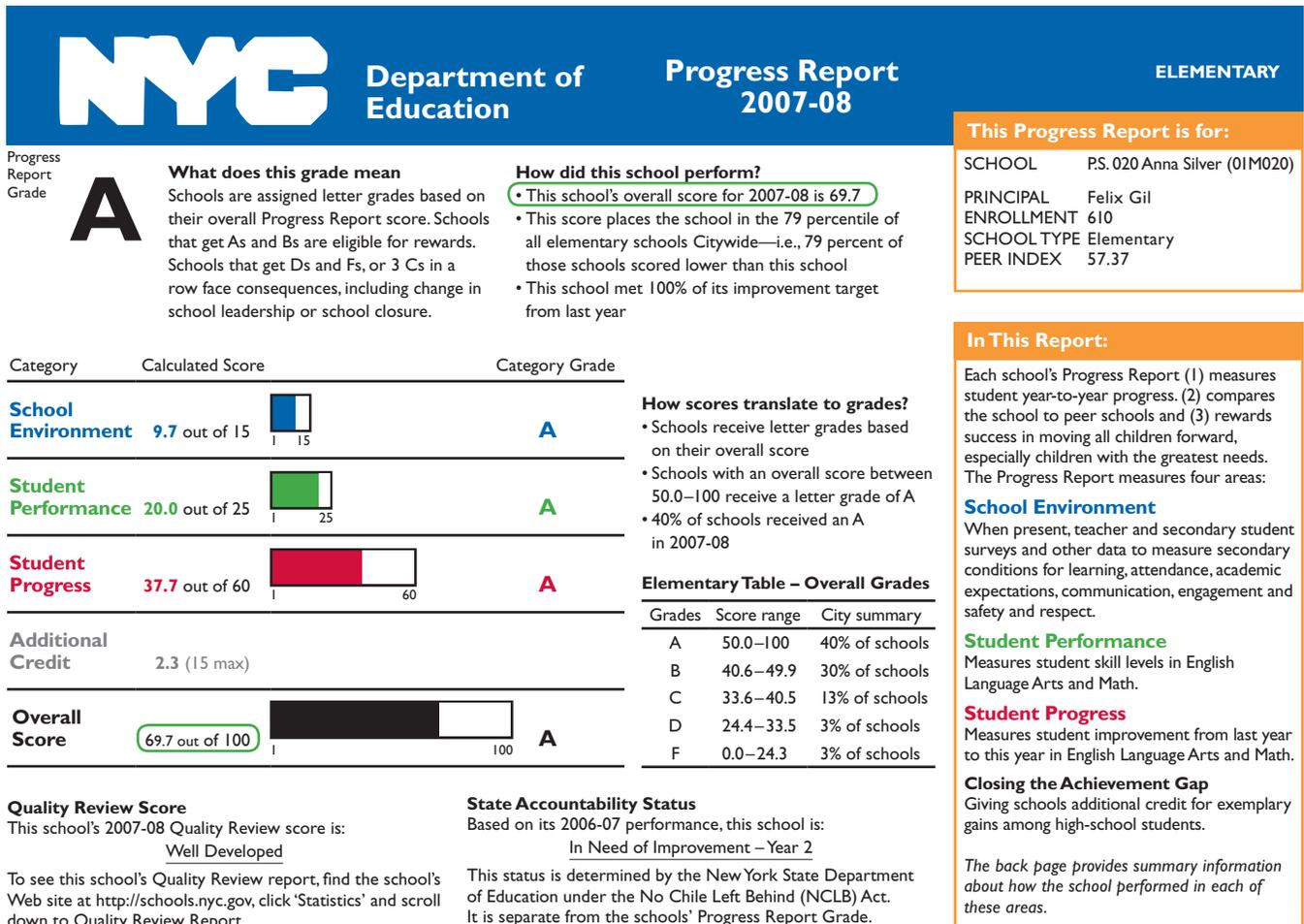
Design

As stated previously, the original design of the program required that district officials target schools with the highest need and that a representative committee of school-level employees determine the size and number of the awards.

In a school system of roughly 1,600 schools, the district could not secure funding for *all* high-need sites and students. District officials decided that the only fair method for dispersing the funds would be a lottery. Using a vector of demographic variables, such as free or reduced-price lunch rates and percentage of English language learners, district officials generated a list of 430 schools identified as high-need. From this list, officials randomly selected approximately 50 percent (240 schools) to participate in the pilot; these randomly selected schools made up the treatment group. The schools had the opportunity to vote on whether or not to participate; 86 percent of the selected schools (205 schools) elected to proceed. The Implementation section of this case summary contains a more detailed description of the voting process.

When designing SPBP, NYCDOE officials were mindful of the fact that although they believed measures of student achievement and growth to be integral to the model, basing the compensation pay-outs on a test score alone sparks teachers’ distrust (T. Bowman, personal communication, June 14, 2010). For this reason, officials base SPBP awards on a “report card” grade given to each school at the end of the year; this tool existed prior to the instituting of SPBP, but school-level employees had no experience with it as a measure of their own salaries. The report card is a progress report based on a school’s ability to meet a set of predetermined performance targets that center on scholastic achievement, attendance, and growth (see Figure 1). Teachers receive awards according to their schools’ report card grades. Schools that reach

Figure 1.
New York City Department of Education Report Card



Source: New York City Department of Education and United Federation of Teachers (2009)

100 percent of the targets receive \$3,000 per teacher. Schools that reach 75 percent of the targets receive \$1,500 per teacher. After a school obtains the funding in the fall of the following school year, the school's Compensation Committee decides how to allocate it.

To further promote fairness and transparency, the district and union decided from the outset that school-level employees should make decisions regarding allocation of awards at the school level. According to UFT Secretary Mendel, "It's much fairer to not have the UFT and the Department involved in the allocation. We gave suggestions and stipulated that the pay-outs not be based on seniority, but other than that, those decisions are

in the hands of the schools" (M. Mendel, personal communication, July 20, 2010). The original UFT memorandum of understanding contains the following stipulation: "The school compensation committee shall make its decisions free of pressure from the DOE or UFT" (United Federation of Teachers, 2007, pp. 1–2). Each school has a four-person Compensation Committee that consists of the principal, a faculty member designated by the principal, and two individuals elected by the faculty and staff. Sitting on the committee is voluntary and does not come with a stipend or fiscal incentive. The Implementation section of this case summary contains a more detailed discussion of characteristics and activities of the Compensation Committee.

Communication and Outreach

After union and district officials finalized the design details, the communication and outreach campaign began. UFT President Weingarten met with the union leaders in each of New York City's five boroughs, while Chancellor Klein disseminated a series of press releases describing the tenets of the plan. To further build public understanding, the district engaged in what one former staff member called a "road show," setting up joint meetings with union representatives, teachers, and principals across the expansive district. At these meetings, district officials answered questions and handed out "Frequently Asked Questions" materials. Former NYCDOE staff member Dan Weisberg explained that there were some teachers who ideologically opposed performance pay in their schools. He believes the right to formulate and voice these opinions was the impetus for the stress on faculty voting throughout the implementation process (D. Weisberg, personal communication, July 12, 2010). In general, though, teachers and union representatives were in favor of the reform; with buy-in secured, implementation could begin.

Implementation

As mentioned previously, SPBP officials base awards on a series of performance targets and give awards to a school as a whole. The district predetermines specific targets for each school before the start of the school year and communicates them to the Compensation Committee. Then, the faculty votes on whether or not to participate for the upcoming year. Every UFT member of a school's staff must vote on program participation; schools need a 55 percent majority to proceed. It is important to note that a vote to participate means that the entire school opts in; no teacher may elect individually to participate or refrain from participating. In its inaugural year, 86 percent of the eligible schools

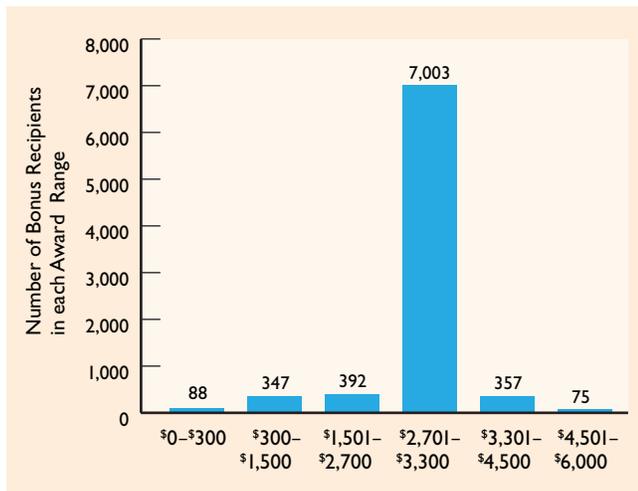
elected to participate, and the following year, 100 percent of those participating voted to participate again. In general, stakeholders report that the rate of voting against participation is low. A teacher at one treatment school explained that during the first year of implementation, only two teachers on the faculty voted against the pilot; during the second year, no teachers voted against the program (though three teachers abstained from voting).

After the school votes to participate, the Compensation Committee determines the amount of the bonus payments. Generally, the committee assigns one amount to faculty members and another lesser amount to paraprofessionals. Each school's Compensation Committee can use its own formula to determine the amounts for these payments, but they must announce the amounts before the school year begins and, therefore, before the school knows whether it will meet the targets and win the funding.

All school staff members covered by a UFT contract, including teachers and paraprofessionals, are eligible to receive awards. The program includes principals as well, but because they have their own professional association, they also have their own pre-existing performance bonus system. The UFT does not include office staffers, so they are not eligible to receive formal bonuses as part of SPBP; however, Compensation Committees at some schools have elected to grant these employees a pay-out to reward their contributions to student progress and success. At the school of the teacher interviewed for this case summary, each teacher donated \$150 dollars from his or her individual bonus to a group fund that the school divided up equally among office staffers. The formulas for the bonuses at that particular school were as follows: each faculty member received approximately \$3,500 (roughly 6 percent of an average teacher salary), and each paraprofessional received approximately \$1,600 (roughly 4 percent of an average teacher salary). The justification for

this disparity, according to the interviewee, is that teachers put in “countless extra hours,” often spent grading and planning. He further explained that these practices, though not technically measured by the report card, contribute to student academic growth and progress, and officials should take them into account when allocating awards. Figure 2 shows the number of bonus recipients in 2008, across the district, as measured by amount of bonus.

Figure 2.
2008 SPBP Distribution of Individual Bonus Awards



Source: New York City Department of Education and United Federation of Teachers (2009)

Benefits

Though still in its infancy, many stakeholders involved with SPBP champion its perceived benefits. Many facets of the program lend themselves to a sense of democracy and fairness. The school-wide aspect of the model, for example, helps to fight against faculty divisiveness and perhaps even encourages collaboration. Every teacher in the school works toward the common goal of raising student achievement and, therefore, winning bonuses. District and union leaders believe that because the school committee defines what the individual awards will be before the school wins an award, teachers will work together in the upcoming school year, rather than concentrating on rewards for their performance the year before.

In the words of former NYCDOE staff member Dan Weisberg, “we wanted a reward that would be an incentive for future performance, not just an award for past performance” (personal communication, July 12, 2010).

A second benefit of SPBP is the way in which the UFT and NYCDOE collaborated from the beginning of the program. Before design or implementation of the program even started, the district and the union shared common language, goals, and outreach strategies to communicate their support for the program across the district. UFT support from the beginning was critical to the success of SPBP because of the heavy influence of the teachers’ union on the district.

Another positive aspect of the SPBP roll-out is the targeted nature of the program. Because the system aids only the New York City schools with the highest levels of need, the program helps to promote equity and social justice throughout the district. With the stated objective of “helping kids who need it most,” SPBP attempts to provide all students in the district with equal opportunities for success. On a logistical level, implementing a bonus system at the schools identified as at-risk provides an incentive for teachers to apply for jobs at those schools, which allows the district to raise the level of teaching effectiveness in its high-need schools.

Lessons Learned

Although SPBP has many benefits and advantages, like any new alternative compensation program, it comes with challenges as well. The program stakeholders to whom CECR staff spoke could easily translate these challenges and roadblocks into lessons learned. The district, the union, and the schools involved are all able to articulate aspects of the program that need work as well as strategies to begin such efforts, and although each interviewee suggested hurdles and lessons learned, none reported feeling disappointed in the program.

The most widely reported lesson learned relates to the way in which the program measures school progress and teacher effectiveness. Every interviewee currently involved with the program mentioned that the report cards given to each school (on which SPBP bases awards) are both too complicated and not comprehensive enough. Program developers never clearly communicated the combination of measures that they used to generate the report card score to stakeholders, particularly at the school level. As a result, teachers report not having a clear sense of exactly what they are working toward; a district-level interviewee stated, “Because the progress reports were new to everyone when the SPBP started, people didn’t understand the metrics.” A current NYCDOE staff member further explained: “There is a disconnect between how the metrics are developed and the targets are set, and how the schools choose to allocate the funds.” UFT Secretary Mendel echoes this sentiment, stating, “The formula is too convoluted, which is a flaw of the program. People in schools should have a clear understanding of the measures” (personal communication, July 20, 2010). Teachers at the school level exemplify this challenge in that they report putting an unnecessary amount of focus on test preparation. “The problem is,” explains one teacher, “that we put *all* our efforts into the test, because we can’t afford to spend time on anything else. And because we’re struggling with getting [the students] to the level they need to be at on the tests, that’s all we concentrate on. It’s a disservice. The [bonus] is nice, but it comes at the expense of the kids.” Although these statements do not imply that the measures are too complicated for school-level employees to understand, the district did not properly articulate the intricacies of the progress report formula to faculty.

There is some confusion at the school-level regarding the measures used for the report cards. This has resulted in confusion regarding the way that the schools should use the measures to allocate bonus

payments. To this end, another lesson learned in the process of SPBP implementation relates to the complete autonomy given to the Compensation Committees. There is no question that stakeholders championed the full allocation authority given to school-level employees as democratic when the SPBP design process began, but, anecdotally, there are questions about whether this four-person group has enough information to make such influential and important decisions.

An issue related to the allocation of funds is their dissemination. Any pilot program has kinks to work through at the beginning, and a few interviewees reported that the district did not always make awards in a timely way. As noted previously, there are several steps in the process between announcement of awards and the issuance of bonus checks. Occasionally, something goes wrong during this process, and during the past two years, a few teachers have received their awards late or not at all.

Action Steps for Advancing the Program

The SPBP participants interviewed for this case summary all report that the program has, on the whole, been a step in the right direction for New York City schools. After identifying challenges and articulating lessons learned, CECR staff asked the interviewees to reflect on some possible strategies for advancing and evolving the program in the future. It is important to note that these interviews took place before the U.S. Department of Education announced New York as a Race to the Top winner.

In general, NYCDOE will have to simplify the report card formula and communicate these changes to the teachers and the general public. It is telling that though the report card is based on multiple measures of student progress, some school-level staff believe it to be based solely on test scores. In its next

iteration, the report card should be more transparent and include a number of metrics, some subjective, that measure teacher effectiveness and input in a valid and reliable way.

One teacher interviewee also mentioned that a problem area for this first version of SPBP is the amount of bonus payments. After taxes, the reward is approximately \$1,800, which, according to this particular teacher and Compensation Committee member, is not enough to influence practice in a meaningful way. The teacher acknowledged that no teacher at his school refused the payment, but “I don’t think anyone’s going to do a significant amount more work for \$1,800.” For future iterations of the program, NYCDOE and the UFT could conduct research into the amount of money needed for a bonus payment to be a true motivator, if using the money to drive practice is their ultimate objective.

Because the program originally fell under the purview of the Office of Labor, Policy and Implementation but now exists within the Office of Talent, Human Capital and Teacher Effectiveness, it seems likely that the program will undergo modifications related to attracting, supporting, and retaining high-quality teachers in the system. According to one NYCDOE employee, “The SPBP recognizes excellence. If we’re going to change teaching and the impact we have on students, then we’re going to have to change the people we attract to the profession, and we’re going to have to retain them. One way to do that is to pay them more.”

Conclusion

New York City’s SPBP is an active and vibrant example of a teachers’ union and a school district coming together to design and implement a system of alternative compensation. The program began and continues to grow because it honors the input of school-based staff by leaving the fund allocation decisions up to them. Often participants in performance pay pilots unhappily report that though they are the ones affected by the programs, they have no say in the decisions regarding participation or award amounts. Those involved with SPBP do not experience this lack of input. Further, because the program targets the NYC public schools that have the greatest need, an element of the program speaks to equity for students as well as equity for teachers. Armed with its successes and ready to tackle its challenges, NYCDOE and UFT stakeholders are prepared to forge ahead. With the delivery of *Race to the Top* funding, it is unclear whether SPBP will continue on in its original iteration or undergo reconfiguration based on the lessons learned, but clearly, alternative compensation will not disappear from New York City schools.

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