

Teacher-designed performance pay programs offer smaller incentives to more teachers

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Performance pay programs designed by teachers, for teachers, tend to offer small incentives to a large number of teachers, new research indicates.

"We found that when [teachers](#) design performance pay programs they tend to be egalitarian, offering everyone a little bit of money," Matthew Springer, director of the National Center on Performance Incentives at Vanderbilt University and a co-author of the new research, said.

The study drew data from Texas public schools participating in the Governor's Educator Excellence Grants Program, or GEEG. GEEG was a three-year program that distributed \$10 million per year in non-competitive federal grants to 99 high-performing campuses serving low-income students. It was the nation's largest state-funded performance pay program when it was launched in 2005.

Under GEEG, participating schools were required to design their own incentive pay plans, using broad guidelines set by the Texas Education Agency.

"Because the guidelines required that teachers play a significant role in the design and implementation of their school's plan, the GEEG program represented a unique opportunity to explore optimal incentives from the employer and the employee's perspectives," Lori Taylor, assistant professor at the Bush School of Government and Public Service at Texas A&M University and a co-author of the new research, said. "The evidence strongly suggests that employees - the teachers - prefer relatively weak incentives."

In most participating schools, over 80 percent of teachers received some sort of bonus.

"The GEEG incentive plans systematically offered smaller awards to a higher proportion of teachers than was obviously intended by the state education agency," Taylor said. "Intriguingly, weak incentives were more common in situations where one would think stronger incentives would be more effective at changing behavior."

The researchers also found that even weak incentives had a positive impact on teacher retention. Teachers who received no award were more likely to leave their jobs than those who received an award, while awards of \$3,000 reduced turnover among the recipients to roughly half the rate observed before the GEEG program.

"If we assume that award recipients were more effective in the classroom than non-recipients - which might be a relatively strong assumption - then the evidence suggests that even weak incentives achieved the objectives of employers," Springer and Taylor said. "The GEEG program increased retention of those teachers that schools particularly wished to retain."

Source: Vanderbilt University

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