



# State of Tennessee

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## Tennessee School Districts Part of Wave of New Teacher Pay Plans

Four Tennessee school districts have joined a small but growing group of districts nationwide that are experimenting with alternative ways to pay teachers, a new report released today by the Comptroller's Offices of Research and Education Accountability (OREA) highlights.

Alternative salary plans base teacher pay increases on positive performance ratings rather than on years of service and graduate degrees earned, which are the basis for traditional salary plan increases. Alternative salary plans allow effective teachers to earn higher salaries more quickly than they would under traditional plans. The report, titled *Trends in Teacher Compensation: Focus on Alternative Salary Schedules*, details how the alternative plans work, what characteristics they share and how they differ from the more common performance bonuses.

The four Tennessee districts – Johnson County, Lexington City, Putnam County, and Trousdale County – that implemented their alternative salary plans in the 2011-2012 school year are scheduled to be joined by three more districts next fall: Haywood, Lincoln and Polk County schools.

Research suggests that the factors used to set traditional teacher salary schedules - years of service and graduate degrees – have limited value as indicators of teacher effectiveness. Tennessee law requires the adoption a state minimum salary schedule for teachers based on experience and training. However, the law was revised as part of the 2010 First to the Top legislation to allow local districts to develop alternative schedules, subject to state approval.

Alternative salary plans allow districts to recognize more effective teachers based on performance measures such as classroom evaluations and increases in students' test scores. They are generally considered a more financially sustainable way to reward high-performing teachers than paying performance bonuses on top of traditional salary increases. The new plans restructure the salary schedule, eliminating automatic increases for all teachers to redirect more pay to the more effective teachers.

The report found that most alternative salary plans, including those in Tennessee, also feature individual or group bonuses for specific objectives such as meeting student achievement targets, teaching high-needs subjects or in high-needs schools, performing leadership duties or completing professional development goals. The report includes descriptions of the alternative plans in use in Tennessee and selected other districts and states.

Interest in alternative salary plans has been spurred by federal grants, like Teacher Incentive Fund and Race to the Top, and by private funders. In 2010, Tennessee received grants totaling \$72 million over five years from the Teacher Incentive Fund and in 2012, the state received another \$5.5 million grant. The state has also directed some \$12 million of its Race to the Top Grant for a special fund to support districts that want to design and implement alternative salary schedules.

Officials in the districts using the new pay plans indicate that the new plans are more complex to administer and budget and require adequate data systems. Because alternative pay plans are based on teacher performance, the fairness, accuracy and reliability of teacher evaluations can receive additional scrutiny. Districts adopting these pay plans see them as a better way to target resources to recruit and retain the most effective teachers.

OREA is an agency within the Comptroller's Office that is charged with providing accurate and objective policy research and analysis for the Tennessee General Assembly and the public.

To view the full report online, go to: <http://www.comptroller.tn.gov/OREA/>

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