

**NATIONAL CENTER ON  
PERFORMANCE INCENTIVES**

Policy Evaluation Report  
August 31, 2009

**Texas Educator Excellence Grant (TEEG) Program:  
Year Three Evaluation Report**

Texas Education Agency  
William Travis Building  
1701 North Congress Avenue  
Austin, Texas 78701

Led By:

Vanderbilt  
Peabody College

In Cooperation With:

RAND  
Corporation

Mizzou  
University of Missouri-Columbia

# NATIONAL CENTER ON Performance Incentives

The National Center on Performance Incentives (NCPI) is charged by the federal government with exercising leadership on performance incentives in education. Established in 2006 through a major research and development grant from the United States Department of Education's Institute of Education Sciences (IES), NCPI conducts scientific, comprehensive, and independent studies on the individual and institutional effects of performance incentives in education. A signature activity of the center is the conduct of two randomized field trials offering student achievement-related bonuses to teachers. The Center is committed to fair and rigorous research in an effort to provide the field of education with reliable knowledge to guide policy and practice.

The Center is housed in the Learning Sciences Institute on the campus of Vanderbilt University's Peabody College. The Center's management under the Learning Sciences Institute, along with the National Center on School Choice, makes Vanderbilt the only higher education institution to house two federal research and development centers supported by the Institute of Education Sciences.

This policy evaluation report was prepared by the National Center on Performance Incentives under contract with the Texas Education Agency. We would also like to thank Bonnie Ghosh-Dastidar (NCPI), Katherine Canon (NCPI), Sara Heyburn (NCPI), Dean Crader (University of Missouri-Columbia), and Radoslav Marinov (University of Missouri-Columbia) for the contributions to this research report as well. The views in this report do not necessarily reflect those of sponsoring agencies or individuals acknowledged.

Please visit [www.performanceincentives.org](http://www.performanceincentives.org) to learn more about our program of research and recent publications.

NATIONAL CENTER ON  
Performance Incentives

**Texas Educator Excellence Grant (TEEG) Program:  
Year Three Evaluation Report**

**Matthew G. Springer**

*Vanderbilt University's Peabody College  
National Center on Performance Incentives*

**Jessica L. Lewis**

*National Center on Performance Incentives*

**Michael J. Podgursky**

*University of Missouri-Columbia*

**Mark W. Ehlert**

*University of Missouri-Columbia*

**Timothy J. Gronberg**

*Texas A&M University*

**Laura S. Hamilton**

*RAND Corporation*

**Dennis W. Jansen**

*Texas A&M University*

**Brian M. Stecher**

*RAND Corporation*

**Lori L. Taylor**

*Texas A&M University*

**Omar S. Lopez**

*Corporation for Public School Education K16*

**Art (Xiao) Peng**

*National Center on Performance Incentives*

---

**National Center on Performance Incentives  
Vanderbilt University Peabody College  
Peabody #43 • 230 Appleton Place  
Nashville, Tennessee 37203**

---

---

*Contributing Authors*

---

Matthew G. Springer  
Michael J. Podgursky  
Jessica L. Lewis  
Mark W. Ehlert  
Timothy J. Gronberg  
Laura S. Hamilton  
Dennis W. Jansen  
Omar S. Lopez  
Art (Xiao) Peng  
Brian M. Stecher  
Lori L. Taylor

*Prepared for*

Texas Education Agency  
1701 North Congress Avenue  
Austin, Texas 78701-1494  
Phone: 512-463-9734

---

*Contributors*

---

National Center on Performance Incentives  
Vanderbilt University's Peabody College  
Corporation for Public School Education K16  
Texas A&M University

*Research Funded by*

Texas Education Agency

---

**COPYRIGHT NOTICE**

---

**Copyright © Notice** The materials are copyrighted © and trademarked <sup>TM</sup> as the property of the Texas Education Agency (TEA) and may not be reproduced without the express written permission of TEA, except under the following conditions:

- 1) Texas public school districts, charter schools and Education Service Centers may reproduce and use copies of the materials and related materials for the districts' and schools' educational use without obtaining permission from TEA.
- 2) Residents of the state of Texas may reproduce and use copies of the materials and related materials for individual personal use only without obtaining written permission from TEA.
- 3) Any portion reproduced must be reproduced in its entirety and remain unedited, unaltered and unchanged in any way.
- 4) No monetary charge can be made for the reproduced materials or any document containing them; however, a reasonable charge to cover only the cost of reproduction and distribution may be charged.

Private entities or persons located in Texas that are **not** Texas public school districts, Texas Education Service Centers, or Texas charter schools or an entity, whether public or private, educational or non-educational, located **outside the state of Texas** *MUST* obtain written approval from TEA and will be required to enter into a license agreement that may involve the payment of a licensing fee or a royalty.

For information contact: Office of Copyrights, Trademarks, License Agreements, and Royalties, Texas Education Agency, 1701 N. Congress Ave., Austin, TX 78701-1494; phone 512-463-9270 or 512-936-6060; email: [copyright@tea.state.tx.us](mailto:copyright@tea.state.tx.us).

## EXECUTIVE SUMMARY

The Texas Educator Excellence Grant (TEEG) program was state-funded and provided annual grants to schools to design and implement performance pay plans during the 2006-07 to 2009-10 school year.<sup>1</sup> TEEG was implemented each year (i.e., Cycle) in approximately 1,000 high poverty, high performing Texas public schools.

Performance pay for teachers entered Texas state policy deliberations during the 1980s, a decade marked as one of the most active periods of school reform in Texas. As early as the Texas Teacher Career Ladder program in 1984, policy makers attempted to reform the single-salary schedule and introduce performance pay for educators. Several lessons emerged from those first generation programs and played a significant role in the design and implementation of contemporary performance pay programs in Texas, such as TEEG. Specific lessons include the importance of (1) adequate, sustainable funding; (2) teacher involvement in program design; (3) rewarding educators for their contribution to student performance and professional collaboration; and (4) conducting independent, comprehensive program evaluations.

This report builds on the previous TEEG evaluation reports, presenting findings from three years of the TEEG program.<sup>2</sup> Overall, the report discusses the participation decisions of eligible schools, the implementation experiences of TEEG participants, the manner in which performance pay plans were designed, and the program's outcomes. An overview of key evaluation findings is presented below.

### **TEEG Participation Decisions**

- During all three cycles of the TEEG program, at least 90% of eligible schools opted to participate. These participation decisions were most commonly made by teachers and school administrators.
- Eligible schools that decided not to participate in TEEG were systematically different than participant schools. They were more likely to be small schools, provide alternative instruction programs and non-traditional grade configurations, and serve a lower percentage of ED students.

---

<sup>1</sup> It should be noted that during each cycle of TEEG, a school's performance pay plan had two distinct phases: a performance evaluation phase and a fund dissemination phase. For example, Cycle 1 schools implemented performance pay plans during the 2006-07 school year during which time teachers were evaluated to determine their bonus award eligibility. However, a school did not have to distribute bonus awards until the following fall semester (fall 2007) and funds for activities other than bonus awards could be spent into the 2007-08 school year. Therefore, while TEEG cycles are referred to by discrete school years for ease of explanation, each cycle lasted more than one school year (i.e., Cycle 1 implemented in 2006-07 with funds expended in their entirety in 2007-08; Cycle 2 implemented in 2007-08 with funds expended in their entirety in 2008-09; and Cycle 3 implemented in 2008-09 with all funds to be expended during 2009-10).

<sup>2</sup> See *Texas Educator Excellence Grant (TEEG) Program: Year One Evaluation Report* (2008) and *Texas Educator Excellence Grant (TEEG) Program: Year Two Evaluation Report* (2008). See <http://ritter.tea.state.tx.us/opge/progeval/TeacherIncentive/index.html> for full reports.

- Schools opting not to participate in TEEG were most often concerned about the program’s guidelines for bonus award distribution and school selection along with perceptions that application for and participation in TEEG would be burdensome. They were also dissuaded by previous negative experiences with performance pay. Volatile dynamics in schools (e.g., leadership turnover) also kept some eligible schools from applying.

### **Design of TEEG Performance Pay Plans**

- TEEG plans relied heavily on measures of student achievement – especially performance levels and results from state standardized assessments – along with teacher collaboration to determine teachers’ eligibility for bonus awards.
- Teachers’ eligibility for bonus awards was typically determined by an individual teacher’s performance as opposed to the performance of an entire school or team of teachers.
- The distribution of TEEG bonus awards varied noticeably among schools, but most proposed bonus award models that did not align with minimum and maximum dollar amounts recommended in state guidelines (i.e., \$3,000 and \$10,000 respectively). Nearly all schools (95.5% of Cycle 1 schools and 95.7 % of Cycle 2 schools) proposed a *minimum* award less than \$3,000, and most (82.3% of Cycle 1 schools and 70.0% of Cycle 2 schools) proposed a *maximum* award of less than \$3,000.
- The probability of receiving a TEEG bonus award and the actual amount received was related to several teacher characteristics, especially a teacher’s subject-area assignment. Differences in teacher credentials explained little of the variation in bonus awards received by individual teachers in TEEG schools.

### **TEEG Implementation Experiences and Challenges**

- Over half of principals in TEEG schools consistently reported that schools could have improved implementation of their performance pay plans, noting that clearer program guidelines from the state would have been of great importance.
- However, TEEG principals also had overall positive perceptions of the program’s impact in their schools.

### **Educator Attitudes, Instructional Practice, and School Environment in TEEG Schools**

- Most personnel in TEEG schools supported the principle of performance pay, while inexperienced teachers and professionals tended to be more supportive than their counterparts.

- Personnel did not believe the TEEG program undermined collaboration or workplace collegiality. In fact, the majority viewed their colleagues, principals, and overall work environment positively. Both bonus award recipients and non-recipients in TEEG schools, as well as new and experienced teachers, held these positive views. However, award recipients and inexperienced staff were more likely to hold these favorable opinions.
- Personnel in schools that remained in TEEG over time – rather than cycling in and out of the program – tended to have more positive opinions towards performance pay generally, the impact of TEEG in schools, workplace collegiality, and principal leadership.
- The majority of educators in TEEG schools reported frequent use of targeted and data-driven instructional practices. Those reporting the receipt of bonus awards indicated more frequent use of these professional practices than non-recipients of bonus awards.

### **Impact of TEEG on Teacher Turnover**

- There is no evidence that schools in the TEEG program experienced any systematic reduction in teacher turnover following the first two cycles of program implementation (i.e., fall 2007 and fall 2008). However, there is strong evidence that several design features of performance pay plans influenced teacher turnover within TEEG schools.
- The receipt and size of actual bonus awards had a strong impact on teacher turnover in the first cycle of TEEG; the probability of turnover fell as the size of the bonus award grew. However, many TEEG teachers received bonus awards so small that the program likely had a negligible or negative impact on their probability of turnover.
- Schools relying exclusively on student achievement levels to measure teachers' contribution to student success had significantly lower turnover rates than did schools relying solely on student gains.

### **TEEG and Student Achievement Gains**

- There is no strong evidence of a systematic TEEG treatment effect on student achievement gains. Additionally, evidence on associations between TEEG plan design features and student achievement gains is mixed.

These findings suggest that school and personnel characteristics, the criteria used to select schools into the TEEG program, and the plan design features of TEEG schools' performance pay plans influenced many outcomes of interest. The attitudes and behaviors of school personnel, school environment, and teacher turnover were certainly affected by these factors. However, evidence suggests that there is no strong, systematic treatment effect of TEEG on student achievement gains. Nor are there consistent associations between TEEG plan design features and student achievement gains.

While TEEG funding comes to an end, these findings are still relevant for key decision-makers in Texas. As other state-funded performance pay plans continue, policy makers and practitioners are advised to pay close attention to the manner in which schools are selected into performance pay

programs and the design of their performance pay plans; particularly how they determine teachers' eligibility for bonus awards and the size of those awards. Additionally, the state's continued commitment to performance pay programs – under the umbrella of the District Awards for Teacher Excellence (D.A.T.E.) program – allows researchers to refine their understanding of the ways in which locally-designed performance pay plans influence the quality of teaching and student learning within schools; an issue of increasing importance both state-wide and nationally as performance pay continues as a prominent strategy for education reform.

The complete report is located at the following website:

[http://ritter.tea.state.tx.us/opge/progeval/TeacherIncentive/TEEG\\_Y3\\_0809.pdf](http://ritter.tea.state.tx.us/opge/progeval/TeacherIncentive/TEEG_Y3_0809.pdf)



## NCPI Faculty and Research Affiliates

James W. Guthrie

**Executive Director**, *National Center on Performance Incentives*

**Professor of Public Policy and Education**  
*Vanderbilt University's Peabody College*

Matthew G. Springer

**Director**, *National Center on Performance Incentives*  
**Research Assistant Professor of Public Policy and Education**, *Vanderbilt University's Peabody College*

Dale Ballou

**Associate Director**  
*National Center on Performance Incentives*  
**Associate Professor of Public Policy and Education**, *Vanderbilt University's Peabody College*

Leonard Bradley

**Lecturer in Public Policy**  
*Vanderbilt University's Peabody College*

Timothy C. Caboni

**Assistant Dean for External Relations**  
*Vanderbilt University's Peabody College*

Mark Ehlert

**Research Analyst**  
*University of Missouri-Columbia*

Timothy J. Gronberg

**Professor of Economics**  
*Texas A&M University*

Laura Hamilton

**Senior Behavioral Scientist**  
*RAND Corporation*

Dennis W. Jansen

**Professor of Economics**  
*Texas A&M University*

Cory Koedel

**Assistant Professor of Economics**  
*University of Missouri-Columbia*

Vi-Nhuan Le

**Behavioral Scientist**  
*RAND Corporation*

Jessica L. Lewis

**Research Associate**  
*National Center on Performance Incentives*

J.R. Lockwood

**Statistician**  
*RAND Corporation*

Daniel F. McCaffrey

**Head of Statistics, Senior Statistician**  
*RAND Corporation*

Patrick McEwan

**Assistant Professor of Economics**  
*Wellesley College*

Shawn Ni

**Professor of Economics**  
*University of Missouri-Columbia*

Michael J. Podgursky

**Professor of Economics**  
*University of Missouri-Columbia*

Janet S. Hansen  
**Vice President & Director, Education Studies**  
*Committee for Economic Development*

Brian M. Stecher  
**Senior Social Scientist**  
*RAND Corporation*

Brian A. Jacob  
**Walter H. Annenberg Professor of Education  
Policy**  
*University of Michigan*

Lori L. Taylor  
**Assistant Professor**  
*Texas A&M University*

**NATIONAL CENTER ON  
PERFORMANCE INCENTIVES**

Examining Performance Incentives in Education

National Center on Performance Incentives  
Vanderbilt University Peabody College  
Peabody #43, 230 Appleton Place  
Nashville, Tennessee 37203

(615) 322-5538

[www.performanceincentives.org](http://www.performanceincentives.org)