

TEACHER PERCEPTIONS OF MERIT PAY: A CASE STUDY

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## TEACHER PERCEPTIONS OF MERIT PAY: A CASE STUDY

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## ABSTRACT

### TEACHER PERCEPTIONS OF MERIT PAY: A CASE STUDY

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The purpose of this study is to identify and explore teacher perceptions of the merit-pay plan after six years of implementation in the Innovative School District (ISD). This qualitative case study will add to the knowledge base and provide interested school leaders with information as they consider alternatives to traditional teacher compensation. This study will provide similar districts, administrators, and scholars with insight into teacher perceptions developed after a merit-pay system has first been put into place and then remained in place for six years. As other school district leadership teams work with their teachers and boards of education to consider and develop a merit-pay system, they may be able to avoid pitfalls in the process of implementation by knowing the perceptions teachers have about this approach. This knowledge can also be incorporated into the curriculum of applicable higher education programs. This study employed a single case study approach to gain an understanding of the perceptions held by elementary teachers in grades Pre-K, one through six through semi-structured interviews. This researcher recognizes that knowledge gained from this study is relative and not absolute, but it will use empirical evidence to generate plausible claims (Patton, 2002). This approach is aligned with Merriam's purpose for qualitative research, which is to achieve a deep understanding of how people perceive what they experience (Merriam, 2009). There were four major themes that emerged from this study. These included: A

significant number of teachers in ISD do not have a solid understanding of the structure of the merit-pay program. Second, trust between the teachers and the principal are vital to the success of the merit-pay program. Third, ISD's merit-pay program has been successful with a majority of teachers stating that if they had the chance to return to a traditional salary schedule, they would remain on the merit-pay plan. The final and most surprising theme revealed that teachers are concerned about the amount of time the merit-pay plan requires of the school principal. Teachers were concerned that the principal was now viewed as the "evaluator" instead of the symbolic leader of the building.

Dedicated to my wife Jennifer, our children: Zoe, Parker, Tanner, Asher, and also my parents, Forrest and Marilyn, I also dedicate this to my Mother-in-Law, Sophie, and Aunt Diane.

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## TABLE OF CONTENTS

ABSTRACT .....	iv
DEDICATION .....	vi
ACKNOWLEDGEMENTS.....	vii
LIST OF FIGURES .....	xi
LIST OF TABLES .....	xii
CHAPTER I INTRODUCTION .....	1
Problem Statement.....	3
Background of the Problem.....	4
Purpose of the Study.....	8
Theoretical Framework.....	9
Justification of the Study .....	12
Primary Research Questions.....	13
Research Design .....	13
Assumptions, Limitations, and Scope .....	16
Definition of Terms .....	19
CHAPTER II REVIEW OF RELATED RESEARCH AND LITERATURE .....	22
Introduction .....	22
History of Merit Pay in Education.....	24
The Traditional Pay System .....	31
Educational attainment .....	32
Barriers .....	33
Working conditions and pay .....	34
Impact on learning.....	35
The Value of Merit Pay .....	38
Perceptions of equitability .....	39
Hybrid Systems.....	39
Advantages of Traditional Pay .....	40
Disadvantages of Merit Pay.....	41
Studies of Merit-Pay Programs.....	42
Merit Pay Structure.....	45
Merit pay based on overall school performance.....	45
Relationship to the staff size.....	46
The importance of structure/implementation .....	47
Three Types of Structures.....	50
Group .....	50
Individual.....	51



Hybrid.....	52
Strengths and Weaknesses.....	53
Free riders.....	53
Competition.....	54
Generational effect.....	54
Spillover effect.....	54
Stakeholder Involvement.....	55
Culture, Attitudes, and History.....	56
Motivation Related to Teachers' Perceptions of Merit Pay.....	57
The Importance of Mission and Vision.....	64
Structure and Teacher Perceptions.....	66
Trust.....	67
Administrative Merit Pay and Motivation.....	68
Conclusion.....	69
 CHAPTER III METHODS.....	 72
Data Sources and Sample.....	73
Data Collection.....	75
Data Analysis.....	79
Trustworthiness and Ethical Considerations.....	80
 CHAPTER IV FINDINGS.....	 84
Trustworthiness.....	84
Setting.....	85
The Researcher's Interviewing Experiences.....	88
Teacher Elucidations.....	90
Teachers' understanding of ISD's merit-pay system.....	90
Teachers' reported thoughts regarding the merit-pay policy at the current time.....	93
Teachers' reported thoughts when they received their final evaluation reflecting their merit raise.....	96
Teachers' reported beliefs on how merit pay has influenced school climate.....	99
Teachers' reported influences merit pay has on collaboration among teachers.....	102
Reported influences merit pay has on teacher/principal collaboration....	104
Reported influences merit pay has on teacher attitudes.....	106
Teachers' reported influences merit pay has on teacher morale.....	108
If they had their choice would they go back to a traditional salary schedule based on years of teaching experience and educational attainment? Or, remain on the merit-pay system?.....	109
Emerging Constructs From the Perceptions Teachers Exhibit Relative to Merit Pay.....	110
 CHAPTER V CONCLUSIONS, DISCUSSION, AND IMPLICATIONS.....	 112
Conclusions.....	113

Discussion.....	114
Relating the findings to the literature .....	114
Themes.....	115
Involvement of the stakeholders.....	115
Mission .....	116
Understanding.....	117
Trust between teachers .....	117
Trust between the teachers and the principal.....	118
Fairness .....	119
Motivation .....	120
Additional finding.....	121
The Value of Understanding Teacher Perceptions of Merit Pay .....	121
As Researcher: Both Insider and Outsider .....	122
Implications.....	123
Transferability of the findings .....	123
Implications for school leaders and legislators.....	124
Next steps for ISD .....	126
Suggested Future Research .....	126
Summary .....	128
REFERENCES .....	132

## LIST OF FIGURES

Figure 1.0. Example Teacher Salary Schedule.....	31
Figure 2.0. Increasing student learning through teacher pay.....	71
Figure 3.0. Teacher preferences on merit pay vs. traditional pay .....	109

## LIST OF TABLES

Table 1.0. Research Participants.....	79
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# CHAPTER I

## INTRODUCTION

Public education has had a longstanding tradition of paying teachers based on years of experience and level of education, and there has been continuous and unwavering attention to the salaries and the distribution of pay for teachers (Hanushek, 2007). The tradition of paying teachers according to years of experience and education attainment continues, despite the vetted research showing that this longstanding method of pay for teachers after the first two to three years of teaching does not correlate to increased student learning (Hanushek, 2007; Hanushek, Kain, & Rivkin, 2006; Podgursky & Springer, 2010). This chapter introduces the setting of the case being studied, and provides the background relative to how public teachers are currently paid throughout the United States; presents the challenges that face school boards of education regarding funding, resources, teacher recruitment, and retention; offers a history of how teachers have been paid in the United States; and delineates the challenges that schools face when trying to move both to more creative ways of paying teachers and ways that are more aligned with a business model.

Teacher pay has also often been linked to school inequality because of the vast differences in pay evident in school districts throughout the country (Kolbe & Rice, 2009; Rice, 2008; Rice & Malen, 2017). This inequality in pay among districts may in turn lead to unequal teacher quality, which then affects student achievement. Any inequity in teacher quality is then exacerbated by the ability of suburban schools with more resources to retain their teachers, in contrast to schools with such challenging environments as high

student poverty, high incidents of truancy, and other student disciplinary issues. What's more, even if an urban school district pays more than a suburban counterpart, good teachers frequently leave urban districts for improved working conditions such as parental support, decreased poverty, and fewer incidents of discipline and truancy. In fact, at the same time that accountability systems in states emphasize quality teachers as a prerequisite for student learning, low-performing schools often struggle to hire effective teachers (Kolbe & Rice, 2009; Rice, 2008; Rice & Malen, 2017). Consequently, less experienced, and sometimes less qualified teachers replace highly effective teachers in urban districts, resulting in decreased student achievement. This is often a vicious cycle situation that challenges many urban, high-poverty, schools (Ingersoll, 2001; Lankford, Loeb, & Wyckoff, 2002; Springer, Swain, & Rodriguez, 2016).

But hiring qualified, effective teachers is an issue that extends beyond school districts. Local courts, legislators, and policy makers possess vested interests in the impact teachers have on students and the community as a whole. Local courts, legislators, and policy makers are looking for ways to incentivize and reward teachers for increased student performance beyond the weak link that the number of years of teaching experience has on student performance (Hanushek & Rivkin, 2007).

These are just a few of the challenges that must be considered and understood when considering the implementation of merit-pay systems. Understanding the teachers' perceptions toward a system that moves completely away from a salary schedule and pay based solely on performance will be relevant and helpful to scholars, educators, and school communities as they consider implementation of new pay systems.

## **Problem Statement**

There is a lack of research on teacher perceptions of merit pay after such a system is implemented in public schools (Rice & Malen, 2017). While there has been limited research regarding the effect of merit pay on student achievement, teacher morale, fairness, and motivation, research on teachers' perceptions of merit pay has been virtually absent (Jackson, Langheinrich, & Loth, 2012, Rice & Malen, 2017).

Having a better understanding of teacher perceptions of merit pay will provide administrators, boards of education, and teacher unions additional information as they navigate the possibilities of implementing a merit-pay system. This study's research will provide administrators with insight as to whether teachers are truly motivated to improve their performance because of a merit-pay system. If school administrators and scholars acquire a better understanding of the perceptions teachers have towards merit pay regarding student achievement, teacher morale, fairness, and motivation, school leaders can gain an awareness as they work toward implementing such a system. Additionally, this research will add to the knowledge base for scholars and may impact higher education school finance courses as well as school leadership courses. This is important because our future school leaders take these courses.

This qualitative case study will explore the phenomenon of merit pay by discovering the perceptions about merit pay held by teachers at two elementary schools in the Innovative School District (ISD) (a pseudonym in order to maintain anonymity), a district that in 2013 implemented a merit-pay system that will continue through 2020, the last year of the negotiated contract. ISD is a small suburban district in the Midwest. Originated in 1908, the district has a long history of financial stability, community

support, and innovation. Many famous inventors made their homes in this town and either attended or sent their children to the Innovative School system. The district is often touted as one of the top school districts in not only the state, but also the nation, making the *Newsweek* best high schools list and the *Washington Post*'s Most Challenging Schools list. ISD has been recognized as one of the most rigorous school districts in the nation ("Best High Schools", 2011; Mathews, 2017). ISD is also ranked as one of the top-performing comprehensive high schools in the Midwest, with students scoring in the top 1% on the ACT in the state; 98% of the students matriculate to a two-year or four-year college or university. The enrollment is approximately 1200 students in grades Pre-K through 12, including 4% economically disadvantaged population. The median household income is \$96,790 (US Census Bureau, 2017). The school district is composed of 4.9% Hispanic population, and 1.1% African American students. Understanding the background of this problem and how ISD ended up with a merit-pay system may provide context to the perceptions ISD teachers have towards merit pay.

### **Background of the Problem**

On February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act (ARRA) of 2009. This bill provided federal funds to states in order to promote innovation in education and increase student learning. Race to the Top (RTT) RTT funding was tied to merit pay as a way to increase teacher pay based on student test scores (Furman, 2014).

In 2011, the state senate in which ISD is located introduced Senate Bill 3. This bill would have removed the ability for police, fire, and teacher unions to negotiate wages and health care benefits. The idea of removing the traditional pay system for educators



was thus on the horizon. The potential of Senate Bill 3 (the number of the bill was changed to protect the identity of the school district being studied) to change how school boards pay teachers encouraged school systems to begin investigating and considering merit pay. As mentioned earlier, merit pay, also referred to as performance pay, is a method that involves the use of student performance data, as well as teacher performance reviews, to decide the predetermined amount of raise (or the lack of raise) a teacher receives annually.

Senate Bill 3 was voted down by referendum. After it was defeated, many school boards set the idea of merit pay aside, continuing with the longstanding, traditional method of teacher pay based on years of experience and level of educational attainment. ISD, a RTT school district, did not set the idea of merit pay aside. It was in the middle of teacher negotiations. These negotiations had already included the merit-pay conversation, which resulted in a ratified contract that did away with the traditional teacher salary schedule. Teachers' pay would now be based on their performance in the classroom and their ability to improve student learning. ISD called the method of pay "differentiated compensation"; however, it will be referred to as merit pay throughout this study.

As mentioned, ISD was an RTT District. The ARRA of 2009 provided RTT with \$4.35 billion to fund this competitive grant program. This money was to be used by states to increase student achievement in innovative ways and to ensure students graduate from high school, go on to and complete college, and become career ready (U.S. Department of Education, 2009).

ISD's grant was approved based on the development and implementation of a merit-based pay system for teachers and administrators, as well as on such aspects as the development of a data system to monitor student growth, and the adoption of standards and assessments that prepare students to succeed in college and the work place (U.S. Department of Education, 2009). In order to create a system that could be used with fidelity throughout the school system, the ISD's merit-pay system was developed based on a point system derived from the state teacher evaluation system. It was developed through a partnership with the teacher association, the superintendent, and the board of education. While there was discussion in the district about using student data as an indicator for the merit-pay system, the district decided not to use student data out of concern that state testing would change over time and would no longer be a reliable or consistent measure of teacher performance.

The teachers of ISD have a longstanding tradition of working collaboratively, holding each other to high standards, and doing what is best for students. This is a part of the climate and culture in the district. A primary concern of districts considering merit-pay systems, however, is that the collaboration among teachers might be replaced by more competitive attitudes, thus teachers will be more focused on competing for limited resources, such as pay, rather than on collaborating for the success of the students. ISD thwarted this notion when the board of education made a firm commitment to the teacher association that school funds would not impact the ability of the school district to give teachers raises based on merit. Therefore, as the school board generated the five-year financial forecast for the district's budget, a minimum of a 3% raise for all teachers was projected to allow for all teachers to receive the highest raise possible (Brewer, 2015).

To clarify, the five-year financial forecast reflects three years of general operations, Disadvantaged Pupil Impact Aide (DPIA) and General Fund, historical revenues, and expenditures including the present fiscal year and four additional future fiscal years. The DPIA fund contains only state provided funds based on a calculation of the disadvantaged students in the school district. This forecast is based on a snapshot of current conditions and is considered a living document that can change as conditions in the school district change, such as: property tax evaluations, passing of tax levies, addition or reduction in staff, or enrollment in the school district. The General Fund reflects the receipt and expenditure of public tax dollars. This information came from ISD's state revised code, which will not be cited to maintain anonymity.

ISD's merit-pay system is a system that uses the state-required evaluation model as a tool to provide teachers with pay based on their performance in the classroom. The Innovative model of merit pay provides teachers with the opportunity to receive between a 1% and 2.5% increase based on the state's approved evaluation system, with high achieving teachers eligible for an additional 0.5% for a total possible raise of 3%. The building principal is responsible for conducting the evaluations and deciding what raises individual teachers receive. Under the new arrangement, first-year teacher salaries were also adjusted by increasing the base salary from \$35,000 to \$45,000 (for teachers with zero years of experience). This allowed the district to remain competitive in attracting the best teachers, the base salary being slightly higher or equal to most of the districts in the area and region.

In ISD's new system of pay, teachers can also earn an additional \$1,500 every three years by completing a professional practice study referred to as a "Critical Self-

Reflection.” This is an action research project preapproved by the building principal and completed in one academic year. The action research project is based on the teacher’s goal to increase student learning in his or her classroom by implementing new teaching strategies and then using data to show if the new strategies result in increasing student learning. If the teacher completes the action research, he or she receives the stipend. The principals monitor the reflection, but payment is based only on completion of the Critical Self-Reflection.

The aforementioned system was incentivized by the State through the granting of the Compensation Reform Grant that paid for a portion of the initial implementation. The superintendent of ISD at the time stated that this plan replaced the salary schedule that schools and governments used since the early 1900s. It is also worth noting that this plan was implemented after the district had experienced two consecutive years of 0% increases in salary and wages for all ISD employees due the economic recession. This new system thus sent a clear message to taxpayers that the teachers’ merit pay was more aligned with a business model in hopes of garnering trust with the community by showing the district wanted to practice good stewardship of public dollars (Rice & Malen, 2017).

### **Purpose of the Study**

The purpose of this study is to identify and explore teacher perceptions of the merit-pay plan after six years of implementation in the ISD. This qualitative case study will add to the knowledge base and provide interested school leaders with information as they consider alternatives to traditional teacher compensation. This study will provide similar districts, administrators, and scholars with insight into teacher perceptions

developed after a merit-pay system has first been put into place and then remained in place for six years. As other school district leadership teams work with their teachers and boards of education to consider and develop a merit-pay system, they may be able to avoid pitfalls in the process of implementation by knowing the perceptions teachers have about this approach. This knowledge can also be incorporated into the curriculum of applicable higher education programs.

There is limited research on teacher perceptions of merit pay. The studies that have been published on teachers' perceptions are primarily related only to their perceptions regarding a school district's potential use of a merit-pay system, not its actual use. Of course, scant research on teacher perceptions after the implementation of merit pay is limited largely because most schools and teacher unions have avoided implementing a merit-pay system (Jackson, Langheinrich, & Loth, 2012).

### **Theoretical Framework**

The theoretical framework used in this study is based on Vroom's expectancy theory; Hershey, Blanchard, and Johnson's availability theory; and Maslow's hierarchy of needs (Hershey, Blanchard & Johnson, 2017; Maslow, 1943; Vroom, 1964). Vroom's expectancy theory is a theory focused on the idea that people are motivated to behave in a certain way because they expect a desired result. Based on this theory, the assumption can be made that a merit-pay system for teachers would incentivize teachers to improve their teaching in such a way that improves student learning and achievement (Rice & Malen, 2017, Vroom, 1964). To better understand Vroom's Expectancy Theory it is important to understand some aspects of human behavior. Human behavior is goal-oriented. It is motivated by a need to attain a specific result (Hershey, Blanchard &

Johnson, 2017). Human behavior is changed based on what motivates us and what motivates us is determined by our motives. Motives are defined as our wants and needs and are why we do certain things. Motivation can be driven intrinsically and extrinsically. Intrinsic motivation is determined by internal desires such as meaningful work, professional growth or taking on a leadership role. Extrinsic motivation comes from outside the person, for example, merit pay, working conditions and the quality of management. However, behavioral scientists have argued that intrinsic motives are stronger and last longer than extrinsic motives (Pink, 2011). Still, there is evidence that these motives are not mutually exclusive in human behavior. There needs to be a balance of both types of motives. A study by Amabile and Kramer, et al., 2010, found employees are intrinsically motivated by making progress in their job but are also extrinsically motivated by recognition of their progress by their supervisor. The recognition was only motivating if it coincided with real progress. If the employee did not make progress, the praise was perceived as shallow and actually served as a demotivating factor. In addition, if the employee made progress and the employee did not receive praise by the manager, this resulted in demotivating the employee. Amabile, Kearer, Bonabeau, Bingham, Litan, Klien, & Ross (2014) demonstrated that intrinsic motivation while the most important motivator cannot stand-alone. Extrinsic motivators such as praise are important to employees and demonstrate the importance of a balance between extrinsic and intrinsic motivators (Lewin, 1946).

In this study of ISD it will be interesting to see how the interactions between the principal and the teacher in ISD may determine the effectiveness of the merit-pay program as perceived by the teachers. If teachers perceive the principal as giving praise

that is not genuine, it could impact the motivation of that teacher as well as the teacher's perception of merit pay.

When considering motives it is important to discuss how the strength of a motive can change based on the needs of the person at a particular time. In ISD new teachers starting out at a lower salary may need money more than a teacher toward the end of his or her career who is making a much higher salary. Or a teacher who is the single provider for a family of four may have a greater need than a teacher fresh out of college only supporting him or herself. The need with the greatest strength at a given time will be the motive that is attempted to be satisfied. Also, when a need is satisfied it is no longer considered a motivating factor (Maslow, 1943). In ISD, when a teacher reaches his or her highest average salary, and a merit raise will do little, if anything to increase their retirement benefits, will he or she still be motivated by the merit pay? This is a question that may be answered in this study.

In ISD the board of education set aside enough funds to grant each teacher a three percent raise for the remainder of the negotiated contract between the teachers' union and the school board of education. Teachers are not competing against one another for a finite amount of funds available. Merit raises are also based on a rubric that is designed through the state evaluation system. All teachers have the opportunity to provide evidence to show their principal where they believe they should fall on the rubric. The idea that teachers may feel that a raise is available and obtainable may impact the perceptions toward a merit-pay system. This is consistent with Availability Theory. This theory reflects the perceived limitations of the environment. If an employee perceives that it is not possible to receive a merit pay based on past experiences for goals that are

too far out of reach, then the merit pay is unlikely to have an impact on motivating the employee. It is not actually if the merit pay is available but the perception by the employee that it is available and obtainable (Hershey, Blanchard & Johnson, 2017). This will be important to note as teacher perceptions at ISD are analyzed. Even though the district has set aside the necessary funds, if teachers feel the raise is not available due to the relationship with the principal or the goals not being aligned with what they feel their needs are it could impact the possibility of merit pay being a motivating factor.

### **Justification of the Study**

The literature shows a gap in research of merit pay once such a system has been implemented. There are limited studies identifying teacher perceptions of merit pay before implementation by boards of education, and because there are so few schools actually venturing into these non-traditional pay systems, there are limited studies of teacher perceptions after implementation of a merit-pay system (Jackson, Langheinrich, & Loth, 2012; Rice & Malen, 2017). Rice and Malen, who looked at teacher perceptions of merit pay, conducted one of these rare studies in 2017. The school they studied was in the second year of the new pay system, which was a hybrid system that still relied on raises based on years of experience, with bonuses given to teachers based on performance. This current study will add to the knowledge base by focusing on perceptions accrued after several years of implementation and perceptions of a system that has moved completely away from the traditional system of teacher pay, with pay based completely on performance (Weiss, 1994).



## **Primary Research Questions**

There are many questions that could be asked regarding the phenomenon of using a merit-pay system to pay teachers. This study, however, will concentrate on teachers' responses to and perceptions about merit pay put into practice. The following questions will guide this qualitative study (Weiss, 1994).

Central Question: What are the perceptions of ISD teachers who teach Pre-K through sixth grades regarding merit pay after six years of implementation?

Sub-question #1: What specific aspects do teachers perceive as either positive or negative about merit pay?

Sub-question #2: How do teachers perceive the impact of merit pay on their teaching?

Sub-question #3: How do teachers perceive the impact of merit pay on student learning?

Sub-question #4: How do teachers perceive the impact of merit pay on school climate?

Sub-question #5: How do teachers perceive the impact of merit pay on their relationships with the principal and with other teacher(s)?

## **Research Design**

This study employed a single case study approach both to examine the phenomenon of merit pay overall and to gain an understanding of the perceptions held by elementary teachers in grades Pre-K, one through six who are part of a school system that, in order to maintain its anonymity, the researcher refers to as ISD. Kindergarten was not included due to a separate kindergarten building. This researcher recognizes that

knowledge gained from this study is relative and not absolute, but it will use empirical evidence to generate plausible claims (Patton, 2002). This approach is aligned with Merriam's purpose for qualitative research, which is to achieve a deep understanding of how people perceive what they experience (Merriam, 2009).

Interviews were conducted at both of the district's two elementary schools. To collect data, the researcher conducted the interviews in two separate buildings. The researcher is an administrator in the district but is not an administrator in the school buildings where the interviews will take place. The researcher has also built a great deal of trust over the past 10 years in the district and is well respected and liked by most. Because one-on-one interviews are often perceived as intimate encounters, the trust between the researcher and each subject may allow the subject to feel more comfortable answering the questions and having an open dialogue (Marshall & Rossman, 2011; Weiss, 1994). This researcher has over nineteen years of experience conducting interviews of both teachers and students. This background should be beneficial because of the importance of bringing certain proven skills and sensibilities to interviews. Because the researcher is adept at interviewing and competent in discerning and crafting appropriate follow-up questions, the interviews should prove themselves thorough and complete (Marshall & Rossman, 2011).

The researcher employed the interview guide or topical approach. This type of approach is the most common type used in qualitative studies and involves a list of questions or topics that may or may not be shared with the subjects ahead of time. In this case, however, the questions will be shared with the subjects one week before the

scheduled interviews so they can make an informed decision to (Marshall & Rossman, 2011; Weiss, 1994).

Interviews were conducted with 13 teachers from each school, for a total of 26 interviews. This number of teachers represents about one fourth of the teachers employed in grades Pre-K, and one through six. The researcher selected this number of respondents in order to maximize the range of responses without being so large a sample that variation between responses is reduced. To maximize the range of responses, this type of sample is recommended if the sample size is relatively small (Weiss, 1994). The teachers interviewed had a minimum of seven years of experience in the district to ensure the sample had experience with the traditional pay system as well as the new merit-pay system. Teachers were interviewed through a person-to-person encounter. A person-to-person encounter conveys perceptions through words but also through body language, facial expressions, tone, and overall demeanor (Merriam, 2009).

A balance of teachers representing grades Pre-K, one through six were selected, including male teachers, although a gender balance of men and women was not possible because the district employs only nine male elementary teachers, the majority of teachers in grades one through six being female. Teachers were selected with various years of experience in order to capture the perceptions of teachers in different stages of their careers. The sample of representatives together maximized range and represented the population being studied in the ISD (Weiss, 1994). Respondents were selected purposively to obtain responses representative of the population (Weiss, 1994).

All interviews were audio recorded and then transcribed so that the interviewer could focus on the respondent and not distract the respondent by taking notes. Taping

also captures the complexities of the verbal responses that could be missed by taking notes (Weiss, 1994). Creating a transcript also maintained the fidelity of the tape recordings and ensures that nothing of value to the researcher is missed (Weiss, 1994). An audit trail will be maintained, and member checking will be completed in order to increase the trustworthiness of the study (Ary, Jacobs, & Sorenson, 2010; Weiss, 1994).

The emerging theory that developed through this research will not only add to the knowledge base, but also give administrators insights into the perceptions of teachers toward merit pay. Emerging themes such as merit pay's effect on school climate, teaching, student learning, collaboration, and relationships between teachers and school principals will provide information to educational leaders as they move through the investigation and implementation of a merit-pay system (Ary, Jacobs, & Sorenson, 2010; Rice & Malen, 2017; Weiss, 1994).

### **Assumptions, Limitations, and Scope**

All research proposals have limitations, and this research is not an exception (Patton, 2002). While this study will give readers valuable insight into the perceptions teachers have about merit pay, it is limited in its ability to be generalized to other schools. This is because this study involves two elementary schools in a district with a low percentage (2%) of socio-economic disadvantaged students and with little diversity (97% white students). These schools also have a long tradition of excellence over the last decade: 98% of the district's high school students go on to college, its students achieve ACT composite scores in the top 1% of the state annually, and most recently (2017) the district had the highest performance index (a weighted average of all state required tests) in the state. ISD should be viewed as an extreme case. Very few schools in the state in which

it is located attain at this high level of academic achievement. Stakeholders are very supportive of the school board of education as evidenced by the continued passage of tax levies which community members vote on to fund ISD. ISD has not failed a school tax levy in the past 27 years. This may be because the school board of education has focused on developing a shared mission and vision that refers to “Doing what is best for students.” Everything the school board of education does including merit pay must fall in line with the mission and vision statements that were developed with the input from all stakeholders including teachers, students, parents, businesses and community members.

The administrative behavior in ISD has been consistent with Kowalski’s (2011) research related to connections between administrative behavior and outcomes related to the school district’s goals, such as increased student learning, teacher collaboration, and partnerships with the community. For the most part, ISD has a history of school leaders leading with trust, being open, fair, two-way communication and maintaining equilibrium between what the community wants and what the board of education provides as evidenced by the passage of all school levies in the past 27 years. The ISD community is made up of highly educated parents with many of them working as successful businessmen and women. According the U.S. Census Bureau (2017) 67.8% of those twenty five or older living in ISD’s city hold a Bachelor’s Degree or higher. Working under a merit-pay compensation plan is something that is not foreign to them and compensating teachers well for their work is something that has been supported throughout ISD’s history. Evidenced by the passage of levies as mentioned above in which 85% of the school districts’ budget is dedicated to teacher salaries. Further, the teachers’ union was involved throughout the entire process of developing the plan for

merit pay. This is important since the attitudes teachers and stakeholders have toward alternative pay programs can have a direct impact on the successful implementation and sustainability of the program (Potemski, Rowland, Witham, 2011). Researchers should thus be very cautious when considering transferring the results of this study to other schools (Ary, Jacobs, & Sorenson, 2010).

A critical aspect to consider before implementing a merit-pay program is the relationship the administration has with the teachers' union. The teachers' union at ISD is supportive of teachers as well as the administration. There is an established tradition of the teachers' union and administration working in collaboration and in a positive manner. This researcher has served on several committees with the teachers' union and with other administrators and has observed this personally.

Important to note is that one elementary school has a relatively new principal, in his third year, while the other elementary principal is in his sixth year, a length of tenure also considered relatively new. The behavior of previous administrators for these schools may still impact perceptions of the merit-pay system due to their prior interactions and evaluations of teachers. The researcher understands this situation as part of the research instrument in this study: some teachers may lack the trust needed to freely share their perspectives, perhaps because of their concern that the researcher may share their comments with their respective principals. However, once the researcher assures the respondents that confidentiality will be maintained, the likeliness of receiving honest feedback should increase (Ary, Jacobs, & Sorenson, 2010).

These caveats and limitations notwithstanding, this case study will give voice to teacher perceptions regarding merit pay in ISD and will add to the knowledge base for

other principals, superintendents, and scholars. While qualitative studies are not generalizable, due to not being supported by probability sampling, as are quantitative studies this study will provide administrators, teachers, and scholars with information that may be transferable to other similar school districts. ISD is a financially stable district with a teacher union that is very supportive of the administration and is part of a community that values and prioritizes education. Readers should be cautious about transferring these findings to districts or schools that do not align with these characteristics (Marshall & Rossman, 2011).

### **Definition of Terms**

*Merit pay* is defined as the allocation of pay raises for the purpose of motivating teachers to improve their teaching practices resulting in increased student learning. ISD has implemented to assign compensation to teachers based on the evaluation process, the ability of the teachers to meet their professional goals, direct observation by the principals of the building, and student test data.

*Traditional Pay* refers to pay teachers receive from school boards of education based on years of teaching experience and level of educational attainment. Teachers receive raises on a yearly basis in addition to the opportunity to move to a different column on the pay scale. For example, when a teacher obtains a masters' degree or additional credit hours they receive additional pay based on the negotiated agreement between the teachers' union and the board of education.

*Hybrid Merit-Pay System* refers to a method that has attributes of both the traditional pay system and a merit-pay system. Teachers may still receive a raise for additional years of service as well as receiving bonuses for a variety of reasons including,

participating in professional development, taking on a leadership role, or serving on a committee.

*School Climate* refers to the character of the school. It is based on the school values and traditions. It is the feel of a school based on the interpersonal relationships among the students, between the teachers and the students. Climate reflects the degree to which a school is able to foster a safe and caring environment composed of trusting and supportive relationships among all stakeholders.

*School Culture* is the attitudes, beliefs, and values held by teachers and stakeholders both written and unwritten. These attitudes, beliefs, and values guide the way a school operates. A positive school culture promotes and supports meeting the needs of all students in order to support learning. According to Deal and Peterson, (1998), school culture is one of the most important factors of any school initiative. Culture is what one feels when they walk into a building but may find it hard to define. Culture forms the glue that binds a school together through the beliefs, rituals, and traditions that develop over time as people work together to solve problems and achieve goals.

A negative school culture is one in which the staff has become fragmented. The values have shifted from the needs of the students to the needs of the adults resulting in a culture where the goal is serving adults and negative values dominate (Deal, Peterson, 1998).

*Teacher* is defined as a person who has a valid teaching license from the state in which she or he teaches. For this specific study, the term refers to a teacher who works at an elementary school and has worked in that building for a minimum of seven years.



Again, seven years will encompass teachers that have experienced the traditional pay system as well as the transition and implementation of the merit-pay system. A teacher is employed full time in his or her specific building and is solely evaluated by the building principal of that specific building.

## CHAPTER II

### REVIEW OF RELATED RESEACH AND LITERATURE

#### **Introduction**

Merit pay for teachers is not a new idea in education. However, this approach is debated among school leaders and legislators in today's policy environment; and in some cases, merit pay is funded through federal grant programs. For example, the Teacher Incentive Fund (TIF) provided billions of dollars to school boards of education throughout the United States to incentivize merit-pay programs (U.S. Department of Education 2012). In fact, compensation reforms seen today are a result of individual school districts' experiments from the 1960s and state initiatives from the 1980s, both of which were aimed at improving the professionalism of teaching by rivaling performance-based compensation models that had been instituted in corporate America (Rice & Malen, 2017).

The following literature review will show that teacher pay may promote student learning (Stephens, 2015). There is limited study on merit pay, however the literature review does give a comprehensive view of teacher pay. Whether this is an overall increase in teacher salary, a hybrid system consisting of a traditional salary schedule and a merit-pay program, or a fully implemented merit-pay system; one may ask why merit pay? Why not just pay teachers more? The answers to these questions are complex and may require future research. All of the aforementioned options, including increasing base pay for teachers may have the potential to improve student learning. However, the research also shows that any and all of these systems can work to negatively impact

student achievement. A recent 2017 report by Joan Brasher found that while merit pay may increase student achievement the effect size was strongly sensitive to the program design and study context. She added that the important question policymakers and researchers should consider is how the merit-pay program is structured and implemented. Additionally, paying teachers more overall is something that may work. However, with public school systems relying on public money such as income tax and property tax, the idea of raising teachers' salaries may be a tough sell to communities without having some accountability.

ISD is ranked in the top three school districts in the local area for teacher pay. It has been the researcher's experience that boards of education and teacher unions are very much aware of the surrounding districts' pay scales. While boards of education want to pay teachers a competitive salary they do not want members of the community to perceive the board of education as paying teachers in excess relative to surrounding school systems. Merit pay can be seen as a way around this barrier since it may be perceived by community members that teachers are only receiving pay based on job performance and therefore there is accountability for spending public money. In addition, merit pay may be able to improve teacher retention and recruitment, which can lead to increased student achievement in lower-socioeconomic areas. However, Springer recommends further studies in this area along with the effects merit-pay has on teacher mobility on highly effective teachers, and decisions of traditionally low-performing teachers deciding to leave the teaching profession (Springer, 2015).

## **History of Merit Pay in Education**

Merit pay has been part of the educational discourse since the early 1900s. In 1918 48% of public schools systems in the United States reported they were paid based on some sort of merit pay (Gratz, 2009b). In 1918 the participants surveyed described their pay as merit pay due to high school, predominately male teachers, receiving higher compensation for teaching what was thought of as more skilled positions such as chemistry, physics, and advanced math courses. Therefore these teachers were granted higher salaries than elementary predominately female teaches ( Gratz, 2009b; Tryjankowski, Henry, & Verrall, 2012). In 1921 after WWI merit pay was replaced by a single salary schedule in order to remove politics, race, and gender from the pay process in the field of education (Gratz, 2009b; Koppich, 2010; Morey, 2008; Podgursky & Springer, 2007). By 1950 four percent of public school districts in the United States described their pay as merit pay (Gratz, 2009b; Podgursky & Springer, 2007). In 1960 only three percent of public school districts in the United States used some form of merit pay because the traditional salary schedule was thought to provide educators with an objective pay scale thought to be fair for all teachers regardless of gender, race, or grade level taught (Hanusheck & Rivkin, 2007; Koppich, 2010).

In the 1980s merit became a significant topic of discussion, as this literature review will show. This review will also show a gap in the research on merit pay after a merit-pay system has been implemented by a school district. But a summary of past research studies will contribute to a better understanding of the overall topic of merit pay, particularly as it pertains to the current research questions concerning teacher perception.

The 1983 National Commission of Excellence in Education commissioned a report to the Nation and United States Secretary of Education to identify the declining state of education relative to other developed countries and to make recommendations to our current public education system so that the United States could continue to be competitive in the world. The commission that provided this report relied on a range of sources: current studies on education; testimony from scholars, school administrators, teachers, and parents; panel discussions and symposiums; and an analysis of thousands of letters written by concerned parents, teachers, and administrators providing detailed comments on problems with and ways to improve America's schools. This study listed several findings, the first of which was that secondary curriculum had been diminished and had lost a true sense of purpose. Further, U.S. students had been given too much choice deciding what courses they took; decreasing the amount of core curriculum they took compared to students in other developed countries. In addition, general track high school students graduated with a quarter of their credits in courses such as physical education, health, and training for adulthood and marriage. A second finding was that secondary students spent, on average, less than an hour per day on homework. A third finding was that U.S. students, when compared to students in other developed countries, spent less time in the classroom. For example, students in Germany and England spent eight hours a day in school for as many as 220 days a year, while U.S. students typically spent only six hours a day in school for only 180 days a year.

Several recommendations were made, including requiring four years of math and English for all students, three years of science and social studies, as well as two years of foreign language. Another recommendation was for increasing teacher pay to make

teaching more competitive, market sensitive, and performance-based. And yet another recommendation was that salary, promotion, tenure, and retention decisions should be based on teacher evaluations. This would allow the best teachers to be rewarded and allow weaker teachers a process for improvement or termination (NCEE, 1983).

Hanushek (1986) found no evidence that teacher-student ratios, teacher education, or years of teaching experience had a positive impact on student achievement based on mean SAT scores. This study also showed no strong evidence that district expenditures had a systemic or strong relationship to student performance. However, this study did confirm the findings in the 1966, Equality of Educational Opportunity study, stating that family background was still the primary factor in determining student academic performance. Hanushek also pointed out that one of the primary detractors for merit pay was the challenge of finding an objective evaluator, positing that being objective—without political or economic factors entering into the assessment—was a characteristic hard to come by.

Hanushek (1986) once again provided options such as paying new teachers at a higher rate and based on merit, while allowing teachers with many years of experience to remain on the traditional salary schedule. The study argued that such an arrangement would make salaries more competitive to new teachers in their first ten years compared to their peers in other professions. Further, the result of allowing veteran teachers to remain on the salary schedule would result in an increase in spending on salaries, at least in the state of North Carolina in which this study was conducted.

Hanushek also outlined possible consequences for other institutions. For example, if teachers were not compensated for additional education or credentials, higher

education could see a decrease in teachers pursuing a master's degree or other means of continuing education, thus having a negative financial impact on institutions of higher education. Admittedly, a merit-pay system would not pay teachers as much as lawyers or doctors, but it would at least allow teachers, like lawyers and doctors, to approach their maximum salary after ten to fifteen years—instead of waiting until the end of their teaching career when they are in their mid-fifties or beyond (Hanushek, 1986).

Drevitch asserted (2006) that five states- Arizona, Florida, Iowa, New Mexico, and North Carolina, were already using student data as a measure to determine at least a portion of teacher salaries. On a national level the American Board of Certification of Teacher Excellence worked with the U.S. Department of Education to provide bonuses to teachers receiving National Board Teaching Certification (Drevitch, 2006). A more recent example of teacher reform tied to merit pay is found in the Common Core State Standards that were instituted and adopted by 46 states in 2010 (Kiber, & Rentner, 2011). Included in the Common Core incentives were the Race to the Top (RTT) and Teacher Incentive Fund (TIF) providing \$4 billion dollars to states that committed to the Common Core Standards. These standards include a commitment to changing teaching and learning methods used to prepare students for college and careers. Incentives for districts to implement merit-pay systems were also included in this funding (U.S. Department of Education [USDOE], 2009, U.S. Department of Education, 2012).

Teacher pay has also been a contemporary focus among school districts in the United States due to of a lack of qualified teachers available to teach subjects such as math, science, and engineering. Students with strong backgrounds in math and science are majoring in careers such as engineering and healthcare, careers that have higher-

paying starting salaries than the starting salaries of teachers. Merit pay may give school districts the flexibility to pay math, science, and engineering teachers higher salaries, thus giving school boards the ability to better recruit college students with concentrations in these areas (Rice & Malen, 2017).

Paying teachers entering the field of education competitive salaries commensurate with the salaries of other college majors such as engineering, law, and business is a challenge (Hanushek & Rivkin, 2007). Hanushek and Rivkin (2007) noted a decade ago that salaries for engineers and lawyers topped out within the first ten years of a career; salaries for teachers, however, continued to grow over their career, with salaries starting out much lower and topping out only at the end of their career (Hanushek & Rivkin, 2007). More recently, Gardner (2016-2017) identified electrical engineering as the top-paying career for college graduates, with a median starting salary of \$62,428. Software design was number two with a median starting salary of \$61,466. Varieties of engineering jobs took up the next four spots in salary rankings. Engineering technicians placed tenth, with an average starting salary of \$55,693. Teachers did not make the top ten. In fact, science and math educators came in 40 out of the 50 average starting salaries ranked in the report. Elementary education came in at number 47; Pre-K and kindergarten education came in last with an average salary of \$35,626 just behind social work with a salary of \$37,155 (Gardner, 2016-2017).

Clearly it is challenging to recruit and retain teachers in the education profession when, according to the 2016 survey done by the National Association of Colleges and Employers (NACE), the starting average teacher salary is \$39,193 (National Association of Colleges and Employees [NACE], 2017). The disparity between teachers' salaries and



the salaries in other professional careers with similar educational requirements has forced school districts to look for alternative ways to compensate teachers through merit pay and at times through signing bonuses (Hanushek & Rivkin, 2007). The challenge public schools face to obtain and retain quality teachers adds pressure to school boards that feel the need and the responsibility to provide quality educational experiences.

*A Nation at Risk* (1983), released by the National Commission on Excellence in Education, showed that the U.S. was falling behind other developed countries in education, putting the global political and economic power of the U.S. also at risk of falling behind other developed countries. This report triggered a wave of calls for greater accountability of public education throughout the United States. This was the first time merit pay was identified on a national level as a way to improve student learning.

The demand for accountability continues today for boards of education and includes pressure on low-performing schools to increase student achievement and close the achievement gap that exists between schools that have communities with high-poverty student levels and schools that have communities with low-poverty student levels. Equity goals including the idea that all students have access and receive an equitable education create real and intense pressure on schools to provide meaningful educational learning experiences. This situation continues to intensify (Rice & Malen, 2017).

States experimenting with merit pay began in 1908 in Massachusetts and extended into the 1980's (Brewer, 2015). In 1985 three states started experimenting with merit pay. Utah, for example, dedicated 10% of its teacher salary funding to classroom

teacher performance Florida's funding of teacher pay was a merit-pay plan; and Tennessee paid teachers based on teacher evaluations (Kern, 1987).

Merit-pay initiatives were meant to model a pay system based on performance, a system found in the corporate sector (Malen, Murphy, & Hart, 1987). Loeb and Page (2000) conducted a study concluding that the education of students could be improved by increasing teacher salaries. The topic then came to the surface again on a national level when the idea of teacher compensation reform was revisited in 2006 with the Teacher Incentive Fund (TIF), authorized by the U.S. Department of Education (U.S. Department of Education 2012). The TIF program funneled almost \$2 billion dollars to 131 boards of education (U.S. Department of Education 2012).

In 2009, the idea of incentivizing school districts to find innovative ways to pay teachers through methods such as merit pay was reinforced when President Barack Obama signed the American Recovery and Reinvestment Act (ARRA). The ARRA allocated funds for merit pay through a state grant opportunity called Race to the Top (RTT) (USDOE, 2009). The legislation included merit pay because legislators believed the concept of merit pay aligned with a model many businesses and industries were following (Johnson & Papay, 2009). In order to give some national context, in 2011 a report by The National Center on Performance Incentives found that 3.5% of school districts in the United States reported adopting some version of merit pay (Springer, Swain, & Rodriguez, 2015).

New approaches to pay teachers continue to be funded in today's political environment. Nevertheless, these approaches are intensely debated as school boards look for alternatives to single salary schedules. (Rice & Malen, 2017). Because single salary

schedules are the most prevalent model for teacher compensation, it is important to understand this approach.

### **The Traditional Pay System**

Under traditional pay systems, teachers receive raises with every additional year of experience based on a salary schedule adopted by the board of education. Teachers are rewarded for experience as well as educational attainment. Thus teachers with five years of experience will make more than teachers with two years of experience, and teachers with five years of experience and a master's degree would make more than teachers with five years of experience and only a bachelor's degree (Hanushek, 1986). Another provision in this system is that teacher unions negotiate teacher pay, and so changing this structure is usually restricted by the negotiated agreement between boards of education and teacher unions (Hanushek, 1986). How teachers increase pay through educational attainment is described in the next section. Below is an abbreviated example of a salary schedule.

	BS	BS+16	MA	MA+16	M+32	Doctorate
1	\$36,900	\$39,035	\$41,170	\$43,305	\$45,440	\$48,290
2	\$37,629	\$39,364	\$41,899	\$44,034	\$46,169	\$49,019
3	\$38,358	\$40,493	\$42,628	\$44,763	\$46,898	\$49,748
4	\$39,087	\$41,222	\$43,357	\$45,492	\$47,627	\$50,477

**Figure 1.0: Example Teacher Salary Schedule**

Figure 1.0 is an example partial teacher salary schedule. The first column represents the number of teaching years. The subsequent columns represent the level of educational attainment. The rows represent the salaries available to teachers relative to their years of teaching experience and the level of educational attainment. BS stands for Bachelor of Science. BS-+16 represents Bachelor of Science degree plus an additional

16 credit hours. MA stands for Master's Degree and the +16/+32 represents the additional credit hours of education.

Koppich (2010) stated in reference to the single salary schedule that it eliminated politics, gender, and race from the process of paying teachers. In addition, Hanushek and Rivkin (2007) asserted the single salary schedule gives teachers an objective pay scale believed to be fair for all teachers.

Morey (2008) identified drawbacks to a single salary schedule stating that it contributed to teacher boredom and decreased motivation due to predictability. Additionally Hanushek and Rivkin (2007) indicated that a traditional salary schedule could not recognize quality teachers in the classroom who were able to increase student achievement due to effective teaching strategies.

### **Educational attainment.**

The level of educational attainment a teacher acquires, such as a master's or doctorate degree or simply additional hours of higher education coursework has also impacted teacher pay over the years. Teachers are given raises based not only on their years of teaching experience, but also on their continued academic work. This has, in fact, increased the number of teachers with master's degrees since the early 1900s, and even more so since the 1930s when teacher-training programs led by experienced teachers were started only in very large school districts such as New York City (Ravitch, 2005). This pattern continued throughout the twentieth century, when small teaching departments in colleges were expanded into undergraduate and graduate schools of education (Ravitch, 2005). By 1983 over half of all teachers in the United States had a master's degree (Hanushek, 1986). Twenty-five years later, in the 2011-2012 school

year, figures from the U.S Department of Education indicated that 55% of all public school teachers in the U.S. held a master's degree (Schools and Staffing Survey [SASS], 2012). However, it is crucial to note that, even though most teachers in the country have been tied to a salary schedule based on this two-pronged system of years of experience and educational attainment, there is only a weak correlation between years of experience/educational attainment and student learning (Hanushek & Rivkin, 2007). This weak correlation suggests that teachers are partially motivated by money. It could also mean that the education the teachers are receiving does not relate or improve the ability to teach. However, it should be noted that additional factors such as gaining professional expertise also may play a role in furthering motivation in teachers (Rice & Malen, 2017).

### **Barriers.**

The previous studies focused on how to increase student learning based on examination of teachers already in the profession. However, there are barriers that prevent talented people from becoming teachers in the first place and these barriers affect student learning. A study by Hanushek and Rivkin (2007) found that the best way to increase the quality of instruction for students, and therefore increase student learning, would be to lower barriers such as the prohibitive cost of obtaining teacher licenses, low starting salaries, and linking compensation and career advancement to student achievement. Hanushek, Kain, and Rivkin (2006) suggest that at least 7% of the variance in students' test scores may be explained by variation in teacher quality.

Another finding was that increasing teacher salaries overall was both expensive and ineffective, and the best way to improve student achievement and teacher instruction

would be to remove barriers to becoming a teacher, such as those created by teacher licensure requirements (Hanushek & Rivkin, 2007).

Several studies have also produced evidence of a relationship between measurable teacher characteristics and student outcomes. For example, in 1991, Ferguson found that in Texas teacher performance on a statewide certification exam was positively related to student outcomes. Further, Ehrenberg and Brewer (1994) found that the selectivity of the college a teacher attends positively influences growth in the test scores of their students. In other words, the perceived quality of teacher training programs in college has an affect on how teachers teach their students. This difference can translate into improved student outcomes.

These findings add important insights into the impact teachers have on student learning (International Journal of Scientific Research and Management, 2017). However, working conditions also impact how teachers teach and how students learn. Once teachers obtain the proper certification, working conditions may also act as a barrier to obtaining and retaining qualified teachers thus impacting student learning.

### **Working conditions and pay.**

Hanushek and Rivkin (2007) studied how salary and working conditions influence the quality of instruction in the classroom. The purpose of this study was to use data from Texas Public Schools to describe what happened when teachers were transferred from one school to another. It also examined how the turnover rate of teachers affects teacher quality and student achievement. The study observed that, while pay may be similar or different between urban or suburban school districts, working conditions tend to be much worse in urban districts. For example, urban teachers reported far less

parental support than suburban schoolteachers, along with less administrative support, poor materials, and higher levels of student problems, such as poor attendance and student behavior that detracts from a productive educational environment.

### **Impact on learning.**

Still, teacher pay and educational programs may impact student learning by only a limited amount. In 1966, Coleman, Hobson, McFarland, Mood, and Wienfeld found that the educational attainment and socioeconomic status of a student's parent(s) were the main variables that determine the success of students in public education. The impact teachers have on student learning is more limited. Based on their study involving surveys of 650,000 U.S. students, they also found that a succession of good teachers could offset the negative impact of a poor and unstable home environment (Coleman, Hobson, McPartland, Mood, & Wienfeld, 1966)

Since the Equality of Educational Opportunity (1966) study, known as the "Coleman Report" there is more recent evidence that teacher pay does impact student achievement, at least in an indirect way. Loeb and Page (2000), for instance, found that teacher pay has a significant impact on student achievement. Second Loeb and Page (2000) found that the salaries of non-teachers have an impact on schools' abilities to hire good teachers due to higher salaries in other professions. This is causing high quality college graduates to look for other jobs outside of field of education. Therefore, this study showed that, by making teacher pay competitive with other professional careers, school districts could improve their ability to hire quality teachers. Third, Loeb and Page suggested that, holding all else equal; an increase of teacher pay by 10% would reduce high school student dropout rates between 3% and 6%. Increasing teacher pay by 50%

would decrease the high school student dropout rate by 50% and increase the college enrollment rate by 8%. Lastly, Loeb and Page suggested that increases in teacher pay due to additional educational attainment, such as a master's degree, might outweigh the cost of the attainment of that degree in relation to the teacher's overall income (Loeb & Page, 2000).

Loeb and Page (2000) conducted a quantitative study to determine if there is a significant link between teacher wages and student outcomes. The researchers studied school districts throughout the state of California. This study conducted in 2000 replicated a previous one in which researchers used cross-sectional data; however, Loeb and Page also accounted for the non-pecuniary job attributes such as school safety, length of the school year and parental involvement. They controlled for alternative labor market opportunities and non-pecuniary district attributes when trying to measure the degree to which teacher wages affect student outcomes on state test scores. The researchers used a regression analysis that controlled various factors affecting the supply of teachers. Because characteristics of states and districts vary, the supply and demand of teachers can vary based on these characteristics. For example a state located in a warmer climate, may draw more teachers to that state compared to a study located in a very cold climate, therefore, affecting the supply of teachers. In addition, alternative labor market opportunities affect the supply of teachers. This study was able to control for these variables in order to show a correlation between teacher pay and student achievement. A two-stage least-squares (2SLS) regression analysis to control for supply and demand in order to produce estimates of the effect of teacher wages on student outcomes was used and produced statistically significant results. The 2SLS regression analysis is used in the



analysis of structural equations (Loeb & Page, 2000). The authors noted that there was a 10% fall in teacher wages in the 1980s, arguing that raising teacher wages by 10% would not only make up for the shortfall of the 1980s, but also decrease the national high school student dropout rate by between 3% and 6%. The researchers also noted that between 1959 and 1989 there was a 20% increase in real teacher wages. If this had been a relative increase (meaning the alternative opportunities for female college graduates had remained constant), then dropout rates would at a minimum be 8.4% lower than they were in 2000, the year the study was published. The estimated coefficient for dropout rate for this study was -0.79 with a standard error of .27 (Loeb & Page, 2000). Loeb and Page showed through empirical analysis that raising teacher salaries may enhance the quality of education for students by reducing dropout rates. However, they also concluded that non-wage factors were important for policy makers to consider when striving to equalize education. This consideration was important for districts that may be financially unable to increase teacher salaries but may be able to attract higher quality teachers by improving other job aspects and working conditions (Loeb & Page, 2000).

In summary there are several variables that may impact student learning including, educational attainment of the teacher, removing barriers to becoming a teacher such as the cost of obtaining teaching credentials and low starting teacher salaries, and lower teacher salaries compared to other professions. These variables are all part of a traditional teacher pay system and could possibly be changed by legislators, colleges, and boards of education in order to increase student learning. A solution may be to move away from a traditional pay system to merit pay.

## **The Value of Merit Pay**

A solution that boards of education have looked to as an alternative to paying teachers for years of experience and the level of education is a merit-pay system. A merit-pay system is one based on student and/or teacher performance rather than on the years of experience/level of education formula (National Commission on Excellence in Education [NCEE], 1983). As mentioned such a system is similar to the model businesses often use to compensate employees (Morrison, 2013; Rice & Malen, 2017).

The concept underlying merit pay in school districts is to pay teachers and provide salary increases based on two criteria: student performance and principal evaluations. There is evidence that principals can identify quality teachers. Jacob (2005) found a positive correlation between the principal's assessments of how successful a teacher would be at raising student achievement and the teacher's ability to do so as determined by students' increased standardized test scores in math and reading.

There have also been empirical studies of educator incentive pay programs that indicate salience and size of the financial incentive may impact the increase in motivation by the teachers (Rice & Malen, 2017). Workplace motivation is a complex concept. The idea that employees are impacted by extrinsic motivation factors such as pay aligns with multiple theories that show employees are motivated by both intrinsic factors, such as fulfillment, sense of purpose, and efficacy, as well as extrinsic motivation such as compensation and benefits (Firestone, 2014; Gagne & Deci, 2005; Mintrop & Ordenes, 2017).

### **Perceptions of equitability.**

An additional benefit of teacher pay based on performance is that it may be perceived as more equitable by teachers than traditional salary schedules based on experience and educational attainment. For example, under a merit-pay system, teachers with five years of experience may see a bigger raise than teachers with 10 years of experience if the former received better evaluations than the latter. This is seen as an advantage to a salary based on just experience and education because merit pay rewards teachers for performance much like the corporate world (Morrison, 2013).

This concept was confirmed by a recent study in which teacher perceptions of merit pay were analyzed in a district that had implemented such a system. In this study, teachers viewed fairness as a reason to compensate for professional development and leadership because it rewarded the teachers who took the time to participate in these types of professional opportunities. Teachers were most positive about fairness, as this was one of the criteria that was measured in the study (Rice & Malen, 2017).

### **Hybrid Systems**

It is important to note traditional salary schedules have incentives built in and, therefore, do share aspects of merit-pay systems. Teachers are compensated based on qualifications such as their educational attainment and their loyalty to the profession of teaching. A school known as FIRST Elementary, mentioned by Rice and Malen (2017), implemented a hybrid of the traditional and merit-pay systems. The system used by FIRST was identified by the researchers as a mid-range option. FIRST maintained aspects of a traditional salary schedule, such as pay increases with years of experience, a schedule that teachers felt was dependable and had perceived equity, but the school

combined this with the capabilities of merit pay that rewarded teachers for taking on leadership roles and for participating in professional development (Rice & Malen, 2017).

This hybrid system is just one example of a range of options that exists to pay teachers. On one end of the spectrum, pay structures are free from performance incentives and give very little, if any, attention to linking teacher performance to teacher pay. At the other end of the range are systems that use merit pay based on a variety of measures, including student test scores and teacher performance reviews (Rice & Malen, 2017)

### **Advantages of Traditional Pay**

There are tradeoffs that require consideration when school systems look at moving from traditional systems to merit-pay systems. It is important to understand some of these in order to have a realistic appreciation of the challenges faced when making such a change. One clear advantage of traditional systems is that they are predictable; boards of education can thus develop financial forecasts based on the negotiated agreement between the board of education and teachers union. These projective forecasts include future revenues and expenditures, including salaries. While these calculations may fluctuate due to retirements, resignations, new hires, and changes in student enrollment, they are still useful for financial planning purposes.

A second favorable element of the traditional method for paying teachers is that certain expectations of equity exist. For example, teachers with the same number years of experience will receive the same pay. This is something that in turn is typically desirable for teacher unions as they represent all the teachers and can negotiate contracts without considering the strengths and weaknesses of each individual teacher. A third

positive effect of such a system makes it easier to predict salaries for new hires. And finally, since most schools use this type of pay set-up, teachers thinking about moving to another district can more easily compare and contrast salaries among districts (Rice & Malen, 2017).

### **Disadvantages of Merit Pay**

Examples of challenges included in the case study by Rican and Malen (2017) relate to expectancy theory, a theory that posits that the size of the award is important and influence the support teachers give toward merit-pay programs (Gagné & Deci, 2005, Vroom 1964). These findings are even more relevant when considered within the context of tight budgets, salary freezes, and reductions in staff. After the first two years of the hybrid pay implementation at the FIRST school, for example, Rice and Malen (2017) discovered that some teachers were happy with their raise, while some were disappointed and even insulted by how little they actually received. This disappointment was exacerbated when they learned that no one in the district received the maximum amount of the agreed upon incentive. A second concern to consider is evidence that, when rewards were high, teachers found ways to game the system and receive the pay without doing the required work (Rice & Malen, 2017).

An additional a concern for merit pay is the method in which teachers are evaluated and the moving target teachers have to hit in order to receive merit pay as the evaluation models continue to change (Dolph, 2013). Second, Dolph (2013) also raised the issue that calculating teachers' raises based on changing evaluation models could be a challenge for administrators. Another issue refers to how merit pay is funded. Merit pay

could be impacted by the redistribution of available resources available for salary, and this could have a negative impact on teacher morale (Dolph, 2013).

### **Studies of Merit-Pay Programs**

Various aspects of a merit-pay system, as discussed above, were highlighted in a study released by the National Center on Performance Incentives (2012) and reported on a project called The Project on Incentives in Teaching (POINT). This project was a three-year study conducted in the Metropolitan Nashville School System from the 2006-2007 school year through the 2008-2009 school year. This study involved middle school math teachers who voluntarily participated in a controlled experiment to evaluate the effect of financial bonuses for teachers whose students achieved substantial gains on standardized test scores. The POINT project was focused on the idea that a significant problem in the United States is the lack of appropriate teacher incentives and it was hoped that providing these incentives could result in improved student test scores (Springer, Balluou, Hamilton, Le, Lockwood, McCaffrey, Pepper, & Stecher, 2012).

The POINT study did not confirm the hypothesis. Teachers were randomly assigned to the treatment and the control group. The treatment group (eligible for bonuses) did not see a significant increase in test scores compared to the students of teachers in the control group (not eligible for bonuses). In POINT the maximum bonus a teacher could receive was \$15,000, which was a considerable increase over base pay. To receive this bonus, a teacher's students had to achieve at a level that historically had only been achieved by the top five percent of middle school teachers in a particular year. Teachers could receive lesser amounts of \$10,000 and \$5,000 if their students achieved in the 90<sup>th</sup> and 80<sup>th</sup> percentile prospectively. Teachers in the treatment group were striving

to reach a fixed target rather than competing with each other and resources were adequate to ensure that all teachers could receive the highest bonus possible. Springer et al, (2012) stated that while the POINT findings did not support merit pay, it might be that another approach to merit pay may be successful. They suggested options such as:

- rewarding teacher teams.
- linking bonuses to professional development.
- incentivizing teachers to take on coaching responsibilities.
- providing bonuses to teachers in leadership positions, such as department chair.

The POINT study lasted for three years and having incentives in place for more than three years might have positive outcomes especially because the first year was mainly focused on implementation. There were teachers in this study that did not know how the incentive programs worked after three years. More time may have allowed teachers to gain a better understanding of the system in place in order to ensure they knew the ground rules so that they could maximize opportunities to earn more pay.

Another interesting aspect of this study was the analysis of teachers' perceptions, attitudes and behaviors. Teachers were surveyed and only a small number of survey results showed statistically significant differences between the control and treatment groups. In all three years of POINT the teachers in the treatment group reported higher levels of collegiality among teachers in the school compared to the control group. In years one and three of POINT the teachers in the treatment group reported higher levels of professional development focused on mathematics, such as instructional planning and student data analysis. Springer et al. (2012) state this is counter to concerns often mentioned by educators and policy makers that teacher incentives could have a negative

effect on the collegial environment in schools. The only other statistically significant differences found in the surveys were in year three. The teachers in the treatment group reported a more frequent use of test preparation than the control group. This finding was consistent with the hypothesis that incentives for test-score-based incentives might increase teachers' emphasis on preparing students for standardized tests.

Comparing survey results among novice, mid-level, and veteran teachers were also looked at to see if experience influenced teachers' attitudes, instructional practices, professional development and perceptions of the school environment. There were few differences in responses related to teacher experience. In year one novice teachers were significantly more supportive of performance based compensation plans than veteran teachers. However, in year one the veteran teachers were more likely than novice teachers to report increased levels of teacher collegiality. In year one novice teachers in the treatment group were significantly more positive about their principals than novice teachers in the control group. Also, novice teachers in the treatment group reported spending more time on schoolwork outside of formal work hours compared to novice teachers in the control group. This trend was reversed among veteran teachers where the control group teachers reported more hours outside of formal work hours compared to the treatment group.

In summary this study showed experience tended to be unrelated to treatment effects (financial bonuses) on teachers' attitudes, professional development, instructional practices, and school environment, except for the three exceptional cases related to professional development, principal leadership and work outside of school hours. Treatment effects for novices were positive while they were not significant or negative



for veteran teachers (Springer, Balluou, Hamilton, Le, Lockwood, MCaffrey, Pepper, & Stecher, 2012).

### **Merit Pay Structure**

#### **Merit pay based on overall school performance.**

In 2011, Sarena Goodman and Lesley Turner conducted a study of New York City School Schools' performance-pay system. This study included a randomly selected subset of New Your City's most disadvantaged schools. The randomized design of this study helped to separate out other causal effects of the type of merit pay from a host of other influences on student learning. The bonus plan was implemented at the same time the New York Board of Education implemented a citywide accountability system that provided strong incentives to improve student achievement. This included schools in the merit-pay program and schools not included in the merit-pay program. During the first year of the bonus program all schools in New York City School System showed increased student achievement. Goodman and Turner suggested that the examination used to test students may have grown easier for students to take or possibly easier for teachers to teach toward. It was thought that either of the aforementioned factors could have resulted in an exaggerated high success rate. In the first year roughly 90 percent of the participating schools received bonuses. This study found very little effect of bonus pay, either positive or negative, on student achievement.

New York City's program was based on a school's overall performance. All teachers in a particular school received the same monetary award based on student test scores in math and reading. Proponents of this type of system say this minimizes the conflicts and competition among staff while fostering cooperation and collaboration.

Each teacher in a particular school could receive a maximum bonus of \$3,000 for achieving the targeted goal for math and reading, which was a seven percent increase for teachers at the bottom of the pay scale and a three percent increase for teachers with the most experience. Schools that did not meet their target goal could receive \$1,500 per teacher if they met 75 % of their goal. The researchers considered these bonuses substantial for most recipients. One caveat in this study was that individual schools could determine how the money was distributed among teachers in the building. This was decided by a committee made up of the school principal, assistant principal and two teachers voted on by the teachers' union. Some school committees decided to divide the bonus money up equally among members while other committees did not. In the latter case the variance in bonus pay per teacher ranged from a low of \$200 to a high of \$5,000.

#### **Relationship to the staff size.**

Both the treatment and the control group saw increases in math and reading scores. The increase in the treatment group was not statistically significant compared to the control group. However, the study did reveal in schools with small staff numbers (ten or fewer in grades K-8, 5 or fewer in M.S.), there was a significant increase in test scores compared to other schools in the control group with small staff numbers. This was evident in student math scores. Students gained 3.2 points on the New York state test, or 0.08 student level standard deviations.

This New York study pointed out that the structure of the merit-pay system may be the most important variable in order to increase learning. For merit pay to improve student achievement the incentives must be strong, involve small teaching staffs with a high level of cohesion, and collaboration. In schools with large staff numbers a heavy

reliance on school-wide rewards may hamper effectiveness. The reason for this is because a very good teacher in a building with a large number of teachers can do less to raise school-wide student achievement than a teacher of the same quality in a school with much fewer teachers. Teachers who work with large staff may feel they can only have a small impact on the school-wide performance therefore; this could erode the incentive for teachers to put more effort into their teaching. Teachers with a small number of colleagues may see the significance they bring to the table and the impact they can have on school-wide performance and may, therefore, increase effort in their classrooms (Goodman & Turner, 2011).

### **The importance of structure/implementation.**

Springer, Pham and Nguyen, 2017 highlight the importance of how merit programs are structured in a recent study. “Teacher Merit Pay and Student Test Scores: A Meta-Analysis,” found a statistically significant, positive effect of the presence of a merit-pay program on student test scores. This study by Springer et al. (2017) focuses on three main aspects of merit pay. What do different performance based structures look like? What does research say about various types of structures? What are key elements of deciding which structure is the most appropriate based on a particular context? The authors analyzed incentive-pay programs that had been in place for an average of four years and with awards to teachers ranging from \$26 to \$2,500 in U.S. dollars. The typical U.S. award size ranges from \$2,500 to \$3,000. The smaller award sizes are for merit-pay programs in developing countries. This study found that merit-pay programs that aim at incentivizing groups of teachers as opposed to competing against one another resulted in an effect more than two times the average. Springer hypothesized that teachers working

in groups may learn from each other and therefore, become better teachers. Still the authors could not tell what exactly the teachers did to improve student test scores. Springer recommended future studies involve teacher observations and one-on-one interviews in order to discover what teachers are doing to obtain increased student achievement.

Springer et. al (2017) also suggested future studies are needed to ascertain the impact of merit-pay programs on the retention of teachers. Do teachers who receive merit pay stay in the profession, while teachers that do not receive merit pay leave? Springer et. al (2017) state that the single-salary pay schedule does not reward the highest performing teachers and those teachers deserve a six-figure salary. They argue that the only way teachers could get to this salary with a single-salary pay schedule is for all teachers of equal experience and degree attainment get paid the same amount, which he contends is not possible due to finite resources.

How merit pay is implemented and the structure of the program is discussed in great detail in a study by Potemski, Rowland, and Witham, (2011). They state that the variation in the structure of merit-pay systems is one of the subtlest and least understood aspects of compensation reform. This paper was produced by the Center for Educator Compensation Reform in an effort to assist stakeholders involved with alternative compensation initiatives to better understand ways in which merit-pay programs can be structured given the context of local culture. Other factors to consider include measuring student and teacher performance as well as intended student learning outcomes in hopes that stakeholders could select a system best suited for their local needs. The authors listed three types of structures stakeholders need to consider. These include:

1. Unit of accountability
2. Measure of performance
3. Incentive eligibility

The unit of accountability involves the decision to base the incentives on individual, group, or the entire school. A unit of accountability could also be composed of a hybrid system involving individual and group and/or whole school rewards. Decisions about which type of unit to use is based on the program goals of the institution as well as the local culture of the school district involved (Potemski et. al., 2011). If the culture is a positive culture as defined by Deal and Peterson (1998), in which teachers are focused on student needs and a culture of collaboration exists among the staff, then this may result in a merit system based on whole school rewards.

Measures of performance include the input and output measures states use to evaluate and reward the unit of accountability's performance. Student performance on tests and classroom instructions are examples of output measures. Teacher characteristics are an example of an input measure.

Incentive eligibility refers to who is eligible for the reward. For example, a board of education may only provide merit pay to teachers in tested areas, such as math and language arts, and not those in non-tested areas, such as art or music.

Structuring a merit-pay program in order to maximize the quality of instruction, student achievement and recruitment and retention of teachers is a complicated and intricate process. The design of the structure of the program in a way that is at equilibrium with the local context and preferred goals of the board of education is crucial to the productive design, implementation and stability of merit-pay programs. This study

advises researchers and policy makers to pay close attention to how the merit-pay program is structured and implemented (Potemski et. al., 2011).

### **Three Types of Structures**

Springer, Pham and Nguyen, 2017, classify merit pay into three different structures. Number one is a group award. Number two is based on individual awards and number three is based on a hybrid system involving aspects of both group and individual awards. Group awards provide incentives to teachers either at the building level and/or the district level. It can also be structured so that teachers that teach a certain grade or subject can receive awards. Individual awards are primarily based on what happens in the classroom regarding student achievement. However, it could also include activities that increase a teacher's knowledge base or skills. Examples of these types of activities include professional development, leadership positions, observation-based evaluations and mentoring other teachers. Hybrid programs usually reward teachers for group achievement as well as individual classroom student achievement gains. Organizations take on a hybrid system to balance out the shortcomings of each design.

#### **Group.**

Group awards provide incentives to all teachers based on student achievement data. These awards can be school wide, departmental (science department, English department etc.), or assigned based on grade levels (first grade, second grade etc.).

New York City was cited by Potemski, Rowland, and Witham, (2011) as an example of a group based merit-pay system. The authors did not share when this program was initiated. The New York City Board of Education invited 201 schools to participate based on the Board of Education's assessment that these schools were in high

need of improvement based on student achievement data. In all, 199 schools accepted the invitation ranging from elementary schools to high schools. In schools that met 100% of program requirements for increased student achievement, teachers received a bonus of \$3,000. If a school met 75% of the program targets the teachers in that school received \$1,500. As stated earlier this study did not show a statistically significant increase in math or reading scores, however it was found that in schools with smaller staff sizes (ten or less) there was a statistically significant increase in reading and math scores. This suggests the size of the school may have an impact on the ability of merit pay to increase student learning (Goodman & Turner, 2011).

### **Individual.**

The second type of system is called the individual merit-pay system. However, the research base indicates that the strength of one type of merit-pay reward program is the weakness in other merit-pay systems. Business industries outside of education have expressed more interest in individual awards. There are not many examples of programs that provide individual awards in K-12 education. Programs that incorporate individual awards primarily focus on student achievement. Florida attempted to implement such a program in 2007 (Max, 2007). This state initiated program faced major opposition by individual school districts and teachers because of the plan's reliance on student test results. The system was revised to include principal evaluations. This was a hybrid system because it was possible for teams of teachers to receive awards based on the group's student achievement data.

Another example of an individual performance merit-pay program is the Portland Professional Learning Based Salary Schedule (PLBSS) in Maine. The researchers did

not state when this program was initiated but it was in place in 2011 at the time of the study. This program is based on the school board of education's belief that the greatest predictor of student success is teacher learning through professional development. This program allows teachers to earn salary increases through approved professional development contact hours. Teachers that reach 225 contact hours advance one column on the PLBSS salary schedule. This type of system resulted in much higher starting salaries for new teachers. A new teacher could potentially reach the top of the salary schedule in 22 years. The previous salary schedule required teachers to stay in the system for 30 years before they could reach the top of the salary scale (Potemski, Rowland, Witham, 2011).

### **Hybrid.**

The third type of merit-pay system is a hybrid system. In hybrid systems teachers in tested subject areas or grade levels receive awards for student growth. Teachers that do not have students in tested areas or grade levels receive awards based on school wide student growth. Another option is that teachers in tested areas receive bonuses based on classroom level student growth and school wide student growth. Non-tested grade levels or subject areas only receive bonuses based on school wide student growth. Lastly, teachers in non-tested areas could have their performance tied to core subject area's classroom-level growth.

An example of a large-scale hybrid performance based compensation program is the Compensation System for Teachers (ProComp) in Denver, Colorado. Teachers in this system are eligible for additional compensation based on participating in professional development opportunities, receiving satisfactory evaluations from the principal,



increased student achievement in the classroom and school wide test scores. Teaching in hard to fill subject areas or schools within the district that are hard to staff due to high levels of discipline incidents and low socio-economic student populations also could result in increased pay (Springer et al., 2017).

### **Strengths and Weaknesses**

Potemski et al., 2011 found strengths and weaknesses with all three types of merit-compensation systems. In research across business industries outside of education the researchers found that workers were more interested in individual awards. Ptemski et al. (2007) found a comparable pattern with studies focused only on education. In two of the following studies, teachers indicated that they preferred individual awards because they believed they had more influence over their students than school wide performance.

#### **Free riders.**

A study by Milanowski (2007) found teachers were concerned with salaries being impacted by their colleagues. They believed teachers should be rewarded for their individual work rather than some teachers benefitting or not benefitting from the work of others. For example, rewarding physical education teachers for a district's test results, even though physical education is not assessed by the state. The literature refers to this concept as the "free rider" problem and was defined by Plato (360b-c). Not all researchers agree with the concept of the "free rider" issue being a primary concern of educators.

### **Competition.**

Critics of individual based merit-pay programs argue that it creates competition among teachers, which could lead to teachers not working together in a collaborative manner. However, a report from the Texas Educator Excellence Grant program by Springer et al., (2009), indicated 18.5% of teachers noted an increased level of competition among teachers while 80% of the teachers reported a duty to cooperate and work with their colleagues in a collaborative manner.

Other studies support the idea that there is not always a feeling of competition when individual merit-pay programs are used. In a study of the Arkansas, Achievement Challenge Pilot Program (ACPP) by Barnett, Ritter, Winters and Green (2007), teachers in the program were happy with their salaries compared to teachers not in the program. Further, the study found they did not report any negative issues with competition between teachers and reported the environment actually became more positive since the implementation of the merit-pay program.

### **Generational effect.**

In a study conducted by Cogshall, Ott, Behrstock, and Lasagna, (2009) data collected through surveys revealed teachers who were 30 years old or younger and some older generations of teachers somewhat or strongly favored school based awards. Therefore the type of merit-pay system a school implements may be successful in part due to the generation of teachers in the school.

### **Spillover effect.**

There is also a theory referred to as the “spillover effect.” The idea is that one or two effective teachers can increase the motivation in other teachers, raising standards for

all the teachers in the school. A study by Bruegmann and Jackson (2009) examined the influence effective teachers had on other teachers in a school with a group merit-pay program. Researchers found that student math and reading scores increased across all classrooms in the same grade as the effective teachers.

### **Stakeholder Involvement**

The Center for Educator Compensation (CECR), Emerging Issues Report No. 2, 2011, by Potemski et al., recommends decision makers should consider what research tells us about the attitudes of stakeholders with regard to the reward structures as well as the general idea of compensation reform. The authors state that stakeholder involvement and support is crucial to whatever merit-pay plan is implemented. Both the American Federation of Teachers (AFT) and the National Education Association (NEA) have expressed some support for certain types of alternative compensation plans. In 2010 the AFT provided a resolution that supported pay for educators that moved beyond the traditional salary schedule. Based on these plans involving group rewards for teachers and that districts or states use multiple measures to assign awards to teachers beyond student achievement. The NEA indicated that it would not support merit pay based only on student test scores due to concerns of unreliable and valid state tests, and certain areas of curriculum such as foreign language being left out of the state testing system. Instead they recommend hesitant support of a merit-pay system using multiple measures such as principal evaluations in addition to multiple student outcomes (Flannery & Jehlen, 2008).

Little (2009) stated that the NEA supports versions of merit pay that are based on valid, reliable, and standardized based evaluation systems in place. These authors also mention the importance of local unions and school officials working together. The

example given in this report is the Minneapolis Alternative Professional Pay System. The Potemski and Rowland (2009) study found the conversations between the teachers' union and the Minneapolis Public School Board of Education led to a baseline trust between the teachers and the board of education and this strengthened the compensation reform initiative and led to implementation of the program.

### **Culture, Attitudes, and History**

There are several considerations for deciding which program structure to implement according to the report by the CECR. Assessing a school district's culture is important to consider when deciding to implement a school wide, individual, or hybrid merit-pay system. School culture is defined as the attitudes, beliefs, and values held by teachers and stakeholders both written and unwritten (Nias, Southworth, & Yeomans, 1989). The culture of schools can vary between schools and districts and, therefore, determining what type of system to implement will depend on a clear understanding of the views held by the district. As defined earlier in chapter one, According to Deal and Peterson, (1998), school culture is one of the most important factors of any school initiative. In particular, when teachers perceive that their district is concerned about them due to the emphasis placed on fairness and trust, they are more likely to support board of education initiatives (Ehrhart, Macey, & Schneider, 2013). Therefore, school leaders need to be very aware of the current school culture before a merit-pay initiative is started. Program planners should also pay attention to the history of other reform efforts in the districts and schools as they may provide valuable insight into the school culture. This may in turn, affect the type of program that is implemented for merit pay (Potemski et al., 2011).

## **Motivation Related to Teachers' Perceptions of Merit Pay**

Diana Stephens (2015) conducted a quantitative study of the perceptions of Mississippi teachers towards merit pay. Mississippi conducted a state pilot program involving four schools over three years from the fall of 2013 to the spring of 2016. Stephens framed her study using Pink's philosophy on motivation along with Maslow's hierarchy of needs and motivation (Maslow, 1943; Pink, 2009). Stephens, (2015) asserted that teachers serve as the primary source for increasing student achievement. While teachers are mostly motivated intrinsically for their passion for teaching, external motivation such as merit pay, could be another element of teacher success. Merit pay could provide the incentive for teachers to change or improve teaching practices and strategies, therefore, improving student achievement. Stephens (2015) advises that one has to be careful when implementing merit pay. Maslow's five levels in his hierarchy of needs must be factored in when considering merit pay. Teachers must have these needs met in succession. The first level of need according to Maslow is the need for food, water and shelter. A certain level of pay is necessary to obtain these. The next level of need is for safety. For example if teachers do not feel safe in their work environment due to students threatening them, then merit pay will not influence the teachers' teaching until they feel safe. The third level of motivation is the need to feel loved and the need to feel a sense of belonging. If a teacher does not feel part of the team then merit pay may not improve that teachers' teaching. After a sense of belonging is accomplished, the fourth level is self-esteem, which can be accomplished through mastery of tasks or through recognition esteem, which can be achieved through praise from others for achieving their goal. Stephens asserts that this also supports the importance of principals praising their

teachers. The last level of Maslow's hierarchy is the desire to become more than one is, or self-actualization. Stephens (2015) asserts that Maslow's hierarchy of needs provides the evidence that merit pay should not be used in isolation.

The purpose of this study by Stephens (2015) was to have a better understanding of how the Mississippi merit pay pilot program involving four Mississippi school districts was perceived by teachers in the state so that school and state officials could make improvements to the program before implementing the merit-pay system throughout the state of Mississippi. Stephens (2015) set out to determine if teachers had a positive perception of merit pay. She ascertained this by collecting data concerning the socioeconomic status of the school the teachers were teaching in. Second, they studied how much they understood about their school districts' merit-pay program. Third, they looked at how motivating the merit-pay program was for the teachers to change their teaching strategies. Last they studied teachers' perceptions of the attainability of the merit-pay criteria.

In addition Stephens (2015) studied the differences in teachers' perceptions involving veteran (more than five years) and nonveteran teachers' (less than six years), schools with high or low socioeconomic student populations, and teachers with an understanding of the merit-pay criteria compared to those that did not understand the merit-pay criteria. In referencing high and low socioeconomic schools Stephens based this on if the school received Title 1 funds. Title 1 funds are federal dollars that assist schools with a high poverty rate. Low socioeconomic schools had at least a 40% poverty level and therefore receive Title 1 funds (Title 1, 2012).

The participants included teachers from two of the four school districts that participated in the Mississippi merit-pay program. The two school districts were the Gulfport School District and the Ranklin County School District. Gulfport employed 469 teachers and enrolled 6,335 students. The student demographic for Gulfport was 52% black, 40% white, and 81% free and reduced lunch. The Ranklin County School District employed 1,467 teachers and served 19,382 students. Ranklin had 22% black, 73% white, and 60% free and reduced lunch.

Regarding instrumentation Stephens developed a 21-item Likert scale questionnaire that assessed teachers' perceptions of several components of merit pay. The questions on the questionnaire related to the research questions:

1. What are the perceptions of teachers in the state of Mississippi regarding merit pay?
2. Do teachers in low-socioeconomic schools (those receiving Title 1 Funds for high poverty) have different perceptions than teachers from a high socio-economic school (a school that does not receive Title 1 funds)?
3. Do perceptions differ between veteran (more than five years) and non-veteran (less than six years) teachers?
4. Do teachers' perceptions in non-tested grades differ than those in tested grades?
5. Does the criteria set up by the individual piloting school district have a relation to the teachers' perceptions of merit pay?

In her study, Stephens stated that teacher motivation is a major factor in the success or failure of a merit-pay program. Stephens believed that if the teachers had a positive perception of the merit-pay program then teacher motivation would also be positive. If the perception of merit pay could be improved then the motivation to improve teaching practices would also improve. These improved teaching practices would result in increased student achievement (Stephens, 2015). This is how Stephens tied teachers' perceptions of merit pay to motivation.

Motivation was the focus of her theoretical framework in her study. Stephens stated, "Motivation can come from many different sources, and in the classroom, one source is the teacher. Teachers are the catalyst to inspire students to excel at their highest potential. Therefore, motivating teachers could in turn motivate students". Stephens cited Pink (2009) who noted that motivation consists of "autonomy, mastery and purpose."

If increasing student achievement is the purpose then teacher motivation may increase through the merit-pay process (Stephens, 2015). Stephens, (2015), posited that this motivation would lead to improved instructional strategies by teachers, and in turn lead to improved student achievement. She studied teacher perceptions of merit pay and correlations of teachers perceptions of merit pay related to schools with low or high socioeconomic populations as defined previously, related to veteran (more than five years) and nonveteran teachers (less than six years), and the relationship between teacher perceptions of merit pay and their understanding of the criteria they have to meet in order to receive merit pay.

Through her literature review Stephens (2015) recognized four areas merit pay may be beneficial in education. These include:



- increasing student performance.
- recruiting and retention of teachers.
- increasing teachers' intrinsic motivation.
- increasing teacher accountability and production.

Stephens (2015) also discovered through her literature review that successful merit-pay programs that increased student achievement had several unique factors in common.

These are:

- The merit-pay program must be tied to the school district's mission.
- Buy-in is fostered by involving the teachers in the development of the criteria they must meet in order to receive merit pay.
- Teachers must have a good understanding of the merit pay criteria.
- The teachers must see criteria as fair and obtainable.

Another topic addressed by this study by Stephens was the importance of a school district's mission. As stated above, Stephens (2015) shared that the mission statement should be tied to the merit-pay plan in order for teachers to have a clear understanding of the purpose of the merit pay plan. Mission and vision will be covered in more detail in the next section with the subheading title of, "The Importance of Mission and Vision."

Teachers should also play a vital role in the plan and implementation of a merit-pay program. Teacher involvement in aspects of any change is one way of demonstrating a positive school culture. Involvement fosters teacher buy-in as well as allowing teachers to speak intelligently to members of the community when asked about the merit-pay program (Stephens, 2015).

The merit-pay plan has to be understood, but also needs to be perceived as fair and obtainable by the teachers. Stephens (2015) lists potential negatives with merit pay that could harm a school's culture such as competition creating a lack of collaboration, gaming the system by teaching to the test.

This study by Stephens (2015) used survey results in order to discover the perception teachers have towards merit pay. Stephens (2015) administered a 21- item Likert scale questionnaire that assessed the teachers' perceptions of several components of merit pay was sent to 1,930 teachers. Of the 1,930 teachers surveyed 491 responded providing a 25.4% response rate.

The first question asked was, "What are the perceptions of teachers in the state of Mississippi regarding merit pay?" The data showed 81.26% of teachers surveyed agreed that teachers should receive merit pay for increased student performance. While teachers did indicate they should receive merit pay for increased student achievement of 53.97% of the teachers surveyed indicated the merit-pay program did not motivate them to work harder. In reference to the question, "The merit pay caused me to change my teaching strategies in order to increase student learning?" There were 35.4% of teachers who agreed with the statement.

Pertaining to the amount of the merit reward 57.03% of the teachers stated they would change their teaching habits for \$3,000 whereas only 30.49 percent said they would change their teaching habits if the reward was between \$100-\$1,000. When the teachers were asked if they changed their teaching habits when the merit-pay plan was implemented in order to receive the reward 17.11% of the teachers said they changed their teaching habits.

In relation to team work, 16.29% of the teachers believed that merit pay increased teamwork. This is compared to 67.01% of the teachers who did not agree that merit pay increased teacher teamwork.

Regarding teachers' perceptions of merit pay of teachers from high or low socioeconomic schools there was no significant difference. Stephens (2015) conducted an independent sample t-test and found no significant difference in teachers' perceptions from a low socioeconomic ( $M = 2.98$ ,  $SD = .70$ ) schools and teacher perceptions from high socioeconomic schools  $M = 3.10$ ,  $SD = .67$ ;  $t(489) = -1.86$ ,  $p = .06$  (two-tailed).

Stephens also found no statistical significance in teachers' perceptions between veteran (more than five years) and non-veteran (less than six years) teachers. There was no significant difference in scores for veteran teachers ( $M = 3.013$ ,  $SD = .678$ ) and non-veteran teachers,  $M = 3.12$ ,  $SD = .71$ ;  $t(489) = 1.51$ ,  $p = .133$  (two-tailed).

Regarding teachers perceptions in tested grades (those grades required to take the required state standardized test) compared to teachers in non-tested grades were compared using an independent t-test. There was not a significant difference in the tested grades ( $M = 3.01$ ;  $SD = .71$ ) and the non-tested grades,  $M = 3.06$ ,  $SD = .67$ ;  $t(489) = -.83$ ,  $p = .409$  (two-tailed). Interestingly, 86.99% of the teachers stated that all teachers should have the same opportunities to earn merit pay. Stephens (2015) stated that these data showed that teachers believe all areas of education are important and all teachers should have the opportunity to receive merit pay (Stephens, 2015).

The study by Stephens (2015) found a moderate correlation  $r = .607$ ,  $N = 491$ ,  $p < .01$ , with 36.8% of the variation explained). between merit pay and understanding of the criteria for the merit-pay reward. If teachers clearly understand the process for how

the criteria were set in order to receive the merit pay and they agree with the fairness of the program, they are more likely to have a positive perception of merit pay. If the merit-pay program is designed with fair, transparent, and measurable goals it will increase teachers' intrinsic motivation (Stephens, 2015).

Stephens, 2015, recommended that if Mississippi Public Schools wanted to increase teachers' positive perceptions of merit pay the school board should send out a district wide survey giving teachers the opportunity to provide feedback on the merit pay criteria. This may increase teacher buy-in. Once criteria are finalized the criteria should be sent to all teachers who are in the merit-pay program. This could increase how knowledgeable teachers are about merit pay and may also increase teachers' perceptions. It was also recommended that the mission statement be clearly linked to the merit-pay criteria thus increasing ownership of the merit-pay program and increasing teacher perceptions about merit pay.

This study by Stephens (2015) was limited by the fact that only two school districts participated in the surveys, and the surveys were sent to teachers based on the decision of the building principal. The population was small (n=491) compared to the total number of teachers (n=2,885) participating in the pilot program. The authors recommended more studies be done on teachers' perceptions of merit pay that Mississippi teachers share. They also recommended future studies on teacher motivation to better understand the monetary values that could best motivate the teachers.

### **The Importance of Mission and Vision**

Stephens (2015) identified the importance of the merit-pay system being tied to the mission statement of the school. Therefore it is important to go into some detail of

what a mission statement is and why it is important for school boards of education to have a mission and vision for the successful implementation of any school improvement initiative. Stephens does not mention a vision statement in her research, but according to Defour and Eaker, (1998) these two concepts, mission and vision, go hand-in-hand and are important to any successful school improvement. In addition, stakeholders must be involved in the development of the mission and vision statements in order to foster buy-in and understanding among the teaching staff (Defour, Eacker, 1998).

According to Defour and Eaker 1998, a mission statement provides those in the organization with a clear purpose. For example, the mission statement for ISD states for example, “Doing what is best for students is our guiding principal.” The vision statement clarifies what must become in order for the organization to fulfill the organization’s purpose or mission. For example, a vision statement may state, “All students will master the curriculum.” Defour and Eaker (1998) state that a shared mission is one that is developed with the involvement and input of all stakeholders. A mission statement should:

- motivate and energize people.
- create a proactive orientation.
- give direction to people within the organization.
- establish specific standards of excellence.
- create a clear agenda for action.

Therefore, in order for any school improvement, such as merit pay, to be successful, there must be a connection to the school’s mission and vision statement. This idea is widely accepted and written about in educational journals and publications on

educational change and leadership especially over the last two decades (Danielson 2007; DeFour & Eaker, 2008; Fullan, 1993; Marzano, Waters, & McNulty, 2006; Reeves 2000).

Consequently, as stated by Stephens (2015) by connecting the merit-pay plan to the mission of the school district (the purpose) teachers should have a better understanding of the purpose for the merit pay. With a better understanding of the purpose and criteria they must meet in order to receive merit pay the teachers may be motivated to improve their teaching practices resulting in increased student learning (Stephens, 2015).

### **Structure and Teacher Perceptions**

Gould (2015) closely examined compensation reform in America as well as conducting a case study titled, “Teacher Attitudes Towards Performance Based Compensation Reform A Case Study of the Aldine School District.” Her study gave national context to the merit pay and compensation reform movement in education by stating that nationwide spending on teacher salary reform went from \$99 million in 2006 to \$439 million in 2010 referencing a heightened focus on quality teachers. She defined compensation reform as aligning teachers’ financial incentives to student outcomes, driving the improvement of student outcomes and increasing teacher productivity. She found system level factors such as design and implementation of the evaluation system and the compensation system matter when considering teacher support for merit pay. When considering design, she indicated that teachers do not support changes in base pay but do support paying teachers based on effort and difficult teaching situations. This includes paying teachers more for subject areas that may be perceived as difficult.

Additionally, they support financial incentives in the form of bonuses. Gould also found evidence that certain design features such as how easily a merit-pay system can be influenced or manipulated by teachers can impact teachers' perceptions of merit pay. Trust is another factor that plays into teachers' perceptions of merit pay. Kelley, Heneman and Milanowski, (2002) discovered trusting the school system as a whole as well as their perception of the fairness of the program correlate strongly with the teachers' acceptance of the merit-pay program.

### **Trust**

Another school level factor that influences teacher perceptions of merit-pay programs is the teachers' trust and faith in the school principal. Researched by Milanowski, (2006) and Goldhaber, DeArmond, and DeBurganmaster (2007) found the teachers' faith in the administration resulted in more support for merit pay. Not only did Melanowski (2006) and DeArmand et al. find that trust in the principal was important but the trust and respect teachers have for each other is also important. Teachers operating in a professional atmosphere with mutual respect and trust in their peers resulted in a positive correlation toward their attitudes of merit pay. This study found that teachers widely reported implementing a merit-pay system aligned with student performance would have the potential to disrupt school culture with between fifty percent and sixty three percent of teachers stating pay for performance would foster unhealthy competition between teachers and could also threaten the collaborative culture of teaching (Farkas, Johnson, & Duffett, 2003; Jacob & Springer, 2008).

In summary, Gould (2015) identified three themes that drive teachers' support of opposition for merit pay. These include control, fairness, and trust. Control is important

as teachers are compelled to feel autonomous and in control in the classroom. Fairness of the system used to evaluate the teachers is extremely important because teachers don't want to feel that outside factors such as state test scores are influencing their salaries. Finally, the culture of the system must be one of collaboration between peers and administrator in order to develop a culture of trust, therefore, giving the evaluation system the opportunity to succeed in the program (Gould, 2015).

### **Administrative Merit Pay and Motivation**

The main focus of the literature review has been on merit pay relative to teachers. However, having a better understanding of how principals perceive merit pay may be important as these perceptions may have some affect on the implementation of a merit-pay system for teachers. In a 2015 descriptive case study Joyce A. Brasington examined the perceptions of merit pay on motivation and job performance in a small Michigan suburban school district. This study involved surveys, focus groups and personal interviews. Brasington argued compensating educators, including administrators on the basis of performance is seen as one way to improve student achievement and address increased concerns with a need for more accountability in education. Pay-for-performance or merit pay is seen as a way to motivate and direct efforts of administration. The theoretical framework for this study was based on a variety of researchers that developed models that referred to motivation and satisfaction. These researchers were content theorists such as Herzburg and Maslow who named factors that energize and prolong behavior in a work environment, and process theorists such as Vroom (1964) describe how a person's behavior is energized, directed and sustained.



Brasington (2015) examined these models in order to better understand the effects merit pay may have on administrator motivation to improve job performance.

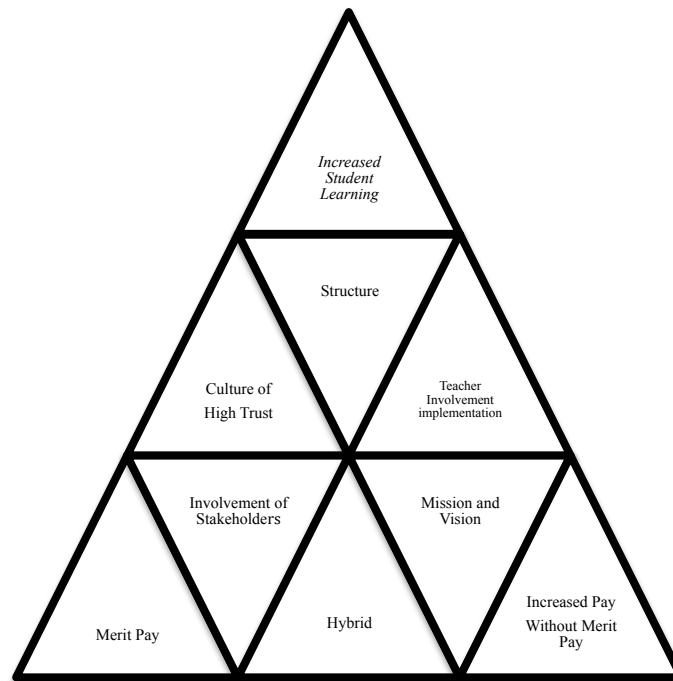
Brasington referenced these researchers mentioned heretofore to provide a framework in order to acquire a better understanding of the reason administrators behave as they do. Brasington defines motivation through Bartol and Locke (2000) when referencing motivation. If there are specific goals to which one can aspire and the person has needs or desires to attain their goals, then individuals become motivated.

This study concluded the majority of administrators do not perceive merit pay as a way to improve their motivation or job performance. There were 18 administrators surveyed and eighty-nine percent strongly disagreed that they were motivated because of merit pay. This study also found the amount of merit pay does not correlate with desire. Based on the survey data, four of the 18 administrators or 22 percent believed the size of the award could have an impact on the ability to be motivated by pay.

## **Conclusion**

The question of whether merit pay or increased pay or some hybrid between the traditional salary schedule and merit pay will work is based on many variables. As the above research has shown merit pay or increased pay may both be effective ways to increase student learning while at the same time helping with teacher retention and recruitment. However, this is based on several important variables such as the climate and culture of the teaching staff, the trust between teachers and administration, and the collaborative history and past success and failure of other initiatives. Figure 2.0. below, was created by this researcher. It represents a summary of the above research and shows

how these variables must all coincide in order to increase the possibility of a successful implementation of a merit-pay program.



**Figure 2.0: Increasing student learning through teacher pay**

Figure 2.0. Merit pay, a hybrid system of merit and traditional salary schedule, or increased base pay may lead to increased student learning. The goal of increased student learning may only be reached through a structure that is supported by the mission, vision, involvement of stakeholders, a supportive culture, trust between teacher and administration, teacher involvement in implementation and finally the structure of the merit-pay system that meets the needs of the organization. Increased student learning is in italics as research on merit pay leading to increased student learning is inconclusive (Goldhaber, DeArmond, & DeBurganmaster, 2007; Gould, 2015; Milanowski, 2006; Potemski, Rowland, & Witham, 2011, Stephens, 2015).

This literature review will be tied to the findings written in chapter five, and in addition to the relationship to Figure 2.0. The next chapter will outline the methods used to complete this qualitative single case study.

## CHAPTER III

### METHODS

The method for this qualitative study was a single case study (Ary, Jacobs, & Sorenson, 2010). This study is considered a case study because the researcher focused on a single unit anchored in real life with multiple data collection techniques. Through this case study, the researcher gained a better understanding of teachers' perceptions of merit pay as it existed in two elementary schools in an affluent suburban district in the Midwest that had transitioned to a merit-pay system (Ary, Jacobs, & Sorenson, 2010). In this case, teachers in grades Pre-K and one through six were interviewed.

The researcher sought to understand how participants made meaning of their experiences with the transition to a merit-pay system in two suburban elementary schools. Other characteristics that aligned with case study research included the investigator's first-hand experiences. Because the investigator is an administrator in the district, he used his own perceptions as a data source in this study. He has evaluated and will continue to evaluate teachers paid under the merit-pay system. Moreover, the researcher served on the district negotiations team and has worked with the teachers and administrators throughout the implementation of this merit-pay system. According to Yin (2009), it is important to use multiple data sources, including the use of personal experiences; the specific example Yin references is the case study research on Federal educational program called Head Start (Zigler & Muenchow, 1994).

The investigator used artifacts as a data source in this study, including the written negotiated agreement and documents that were archived by the superintendent at the time

of implementation, including working drafts of the merit pay policy. Interviews were the primary source of data, and supplementary data provided a rich description of the two elementary schools being studied in the ISD.

In summary, this is a single case study of teacher perceptions of merit pay in an affluent school district with the two elementary schools (Ary, 2010, Stake, 1995, Yin, 2009). The University of Dayton's Institutional Review Board (IRB) has approved this study in order to protect the rights and welfare of the participants (Ary, Jacobs, & Sorenson, 2010; Stake, 1995; Yin, 2009).

### **Data Sources and Sample**

The elementary school buildings in ISD that were used in this study will be referred to as Lincoln Elementary and Washington Elementary. These schools are located in an upper middle class, predominantly White community, with many students coming from affluent families. The median household income is \$96,790. The school district is composed of 4% economically disadvantaged students, 4.9% Hispanic population, and 1.1% African American students. Lincoln Elementary is located on the east side of this two-square-mile district. Most of the students walk to school every morning or are dropped off by their parents. Built in 1911, the Lincoln Elementary building resembles an English manor with its red brick exterior, significant arched entrances, and a steeply pitched slate roof. Parents can be seen in the mornings walking their children to school down the tree-lined streets past not only Tudor style houses but also houses displaying a full range of period architectural styles dating from the 1900s on. Family cars also line up to drop other students off. In fact, on a typical day, while picking up one of my children after school, I have observed many parents talking in

groups around a large ginkgo tree. As a member of the leadership team, I often have meetings in the other elementary school building, with clumps of talking parents waiting outside after school here as well. When I asked several parents what their typical in-front-of-school conversations were about, they mentioned such topics as childcare, evening activities, upcoming school fundraisers, and the district's debates on whether to renovate the buildings or building new structures. I have also seen several school transportation vehicles dropping off or picking up students with special needs because the Lincoln Elementary building provides services to all students in the district with intensive special needs, from Pre-Kindergarten through sixth grade.

Washington Elementary, built in 1908, is located on the west side of town. Although this building started out as a barn, there is no sign of a barn now. Washington Elementary has tall white pillars that mark the entrance, along with a massive oak tree, a large grass front yard, and an art piece made up of brass statues of children holding hands and running in a circle playing a game at recess. Here too, parents walk their students to school, also often congregating in front of the building before and after school and also catching up on all the latest neighborhood news. The houses on this side of town tend to be considerably larger, with some taking up as much as half a city block, and yards here tend to be much larger than those on the east side of town. Also, more of these parents tend to drop their children off and pick their children up using cars, which makes for great road congestion twice a day on the shaded quiet streets that surround the school.

Each school has one administrator in the building with the title of principal. The Lincoln Elementary principal has been there for three years, while the Washington Elementary principal has been there for six years. The teachers in each elementary

school are predominantly female, with only 4% being male. The majority of the teachers are white, with only 1% being African American. The teachers have an average of 16 years of experience, with an average salary of \$71,629. They tend to stay in the district for their entire careers, so the only time new teachers are hired is typically due to veteran teacher retirements. There are 31 teachers at Washington Elementary and 32 teachers at Lincoln Elementary. There are two to three classrooms per grade level with a student to teacher ratio of 16:1 in grades one through three and 20:1 in grades four through six. Each building has an art teacher, physical education teacher, and a music teacher. Both schools also offer Spanish to grades one through six with instruction provided by a Spanish teacher at each building.

According to information the researcher gathered through a conversation with each building principal in the summer of 2018, about 50% of each school's parent population is involved in their respective schools on a regular basis. This involvement may include being a room mom, volunteering for a field trip, volunteering in school resource rooms, serving on various committees and PTA boards, and helping with sports events.

### **Data Collection**

Twenty-six teachers in grades Pre-K, one through six, were interviewed from two elementary schools in ISD. As recommended by Merriam (2009), an additional two teachers were selected to provide backup in the event a teacher may opt out of the study.

The primary data source was answers the subjects provided throughout the interview process. This study involved purposive samples using criterion sampling, with each teacher in the study required to have a minimum of seven years of teaching in the

ISD (Ary, Jacobs, & Sorenson, 2010). A minimum of seven years of experience is a criterion that allowed the subjects to compare the merit-pay system with the previous traditional pay salary schedule of raises based on years of teaching experience and educational attainment. These teachers were selected to provide a balanced mix of teachers in grades Pre-K, and one through six. This excludes years they may have spent in other school districts or other schools within the ISD. It was important to pick some teachers who were relatively early in their careers, with less than 15 years' experience, as well as teachers who had 15 or more years. Ideally there would have been 10 to 12 teachers with less than 15 years' experience and 10 to 12 teachers with more than fifteen years experience. In this case there were 13 teachers with 16 or more years of experience and 13 teachers with less than sixteen years of experience teaching. There are only nine men employed as teachers at the elementary level, but the researcher tried to involve two male teachers from each school building and was successful. The researcher selected six teachers in grades Pre-K through three and six teachers in grades four through six from each school, with at least two teachers per grade level. The criteria of two teachers per grade level was not possible for each elementary school building because some grade levels have assigned only one teacher for a particular grade level at that school. The total number of participants was twenty-six teachers. As the interviews took place, the researcher, if necessary, sought out additional participants. It was important for the researcher to maintain some flexibility throughout this process based on the teachers' availability and willingness to participate in the study (Marshall & Rossman, 2011).

Data were collected through interviews conducted by the researcher. Some thought was given to using a proxy, because a proxy would increase respondents' trust,



and it would diminish interviewer bias by preventing the researcher's own feelings or attitudes from impacting the way questions were asked or interpreted. However, as an administrator in this school district, the researcher believed that he has garnered the trust of the employees in this district, having received this feedback firsthand through surveys given to teachers and community members. Additional feedback from the superintendent of schools verifies that teachers, students, parents, and community members respect the researcher. The researcher is also confident about interview skills conscientiously developed over the last 28 years in education, in particular the skill of observing body language responses firsthand, so helpful in cueing an interviewer to ask follow-up questions that could be beneficial to this research. This method also aligns with the notion that in qualitative research the researcher is the instrument. Thus the researcher upheld a traditional role, maintaining a position of empathetic neutrality in order to collect the necessary data as described by Patton (2002).

The semi-structured interviews lasted between 50 and 60 minutes and allowed the respondents to define their perceptions in their own unique way. The questions listed on the next page addressed the understanding of the perceptions found within the data (Saldana, 2014). These questions were reviewed and approved by an expert panel consisting of a current superintendent, a retired superintendent and a professor of educational leadership in order to increase the trustworthiness of the study. Each interview was audio recorded and transcribed by the researcher. Teachers were reminded their answers were confidential, and their identities would be anonymous. Teachers were also provided a copy of the IRB (Merriam, 2009). Interview questions in this research

study provided large amounts of data relatively quickly, providing significant insight into the participants' perception of merit pay (Ary, Jacobs, & Sorenson, 2010).

The following is a list of possible questions that were asked of the participants:

- What is your understanding of how the ISD's merit-pay system works?
- What are your thoughts regarding the merit pay policy at this point in its implementation?
- Could you walk me through what happened when you received your last merit review/evaluation that resulted in your merit pay? What were you thinking about the process when you received your final evaluation reflecting your merit raise?
- How do you believe merit pay impacts the climate at school?
- What influences do you think merit pay has had on collaboration among teachers?
- What influence do you think merit pay has had on teacher/principal collaboration?
- What impact has merit pay had on teachers' attitudes?
- What influences does merit pay have on school morale? Please explain.

Table 1.0: *Research Participants: Pseudonym, Range of Total Years of Experience, and Range of Total Years of Experience on Site. All participants were white.*

Pseudonym	Total Years Exp.	Total Years Exp. At Site
Mary	15-30	1-15
Tom	15-30	15-30
Steve	1-15	1-15
Beth	15-30	15-30
John	15-30	15-30
Jill	15-30	15-30
Kelly	15-30	15-30
Linda	15-30	15-30
Robin	1-15	1-15
Sally	15-30	1-15
Joan	15-30	15-30
Marge	15-30	15-30
Jerry	15-30	15-30
Tonya	15-30	15-30
Bob	15-30	15-30
Lee	15-30	15-30
Marti	15-30	15-30
Megan	15-30	1-15
Pam	15-30	15-30
Barb	15-30	1-15
Jackie	1-15	1-15
John	15-30	15-30
Jody	15-30	15-30
Lynn	15-30	15-30
Sue	15-30	15-30
Liz	15-30	15-30

## Data Analysis

The answers to the questions were analyzed to identify emerging themes. The researcher adopted the stance recommended by Saldana (2014), which allowed him to remain open to the exact coding method during the data collection phase and to review

the research in order to select the method most appropriate and most likely to yield an authentic analysis. When exploring participants' perceptions, Saldana also suggests coding methods that reveal these epistemologies, such as descriptive coding. This is relevant due to the nature of this study's focus on epistemological questions addressing the understanding of a phenomenon such as the teachers' perception of merit pay. The researcher understood there may be several coding methods required, including theming the data (Saldana, 2014). In addition to theming and descriptive coding the researcher conducted peer debriefing, and collaborative coding involving committee chair Dr. David Dolph as well as a second colleague. This process was documented in the reflective journal throughout the coding and debriefing process (Brinkmann & Kvale, 2015; Harry, Sturges & Klingner 2005; Ridenour & Newman, 2008, Saldana, 2009; Sandelowski & Borroso, 2007).

### **Trustworthiness and Ethical Considerations**

The researcher has been employed in this district for the past ten years. As the instrument in this qualitative study, his trustworthiness is enhanced by his prolonged engagement with this community and his reputation of having earned the respect of colleagues and community. Because the researcher is the principal of the high school, he attends sporting events, plays, musicals, and awards programs, and he speaks at graduation every year. Through these interactions with the public, he has developed relationships with teachers, students, parents, community members, and community leaders. He is the only principal in the district that attends board of education meetings on a monthly basis, giving him a broader understanding of the district than just his everyday role as the high school principal does. He also served as a representative on the

negotiating team for the past nine years during teacher contract negotiations. All of these experiences give the researcher a rich contextual knowledge of the research setting, especially after striving to build a reputation of integrity and trust throughout the school and community.

Another ethical assurance came as a result of the recording and transcription being done by the researcher. A member check was conducted to increase the trustworthiness of the research content (Ary, Jacobs, & Sorenson, 2010). Sharing the interviewee's content with the subjects gives them the opportunity to confirm the findings, while also giving the researcher an opportunity to correct any misinterpretations of the answers to the interview questions. This technique was intended to build assurance in the interviews. To further increase confirmability of the study, an audit trail was maintained (Ary, Jacobs, & Sorenson, 2010; Merriam, 2009; Yin, 2009). The audit trail was documented in the form of a log detailing the process the researcher used, allowing independent readers the opportunity to authenticate the results of the study (Merriam, 2009).

Trustworthiness was further solidified when all participants, as well as the principal, superintendent, and the board of education members, received an informed consent form. When the participants understand that the building principal, superintendent, and board of education supported the researcher, their trust in the study should have been increased. Furthermore, the identities and answers of all participants remained confidential, and anonymity was maintained through the use of pseudonyms for individuals, the schools, and the district. Participants were told about the process and shown the approval documents of the IRB. The researcher kept all files locked in his

office throughout the process, such as interviews, notes, transcripts, tape recordings, and other confidential notes. All data will be destroyed after final approval of the dissertation. Transcripts had all names and identifying information redacted to protect the identity of the participants as well as any other individuals the participants might mention in the interviews. Maintaining anonymity of the participants and securing all sources of data should help the participants understand that this research embodies a focused sensitivity to both the procedural and ethical issues involved in this research (Marshall & Rossman, 2011). An outline of this entire process, together with a list of the interview questions, was shared with all potential participants ahead of time so they could make an informed decision to participate or not to participate. The researcher also attended faculty meetings for both buildings to explain the process and provided time for questions (Weiss, 1994).

Through this case study, the researcher gained understanding of teachers' perceptions of merit pay after transitioning from a more traditional pay system based on years of experience and educational attainment. The researcher interviewed a range of teachers in grades Pre-K through six across a broad spectrum of years of teaching experience as well as of grade levels taught.

Limitations of the study are recognized. For example, the majority of interviewees were women because only nine men are employed in the two ISD elementary schools. All the participants were White, another limitation that should be considered when generalizing to other similar districts. In the study's favor, however, artifacts were also collected and read, including documents on district goals, improvement plans, and the negotiated contract, as well as information on the state report card. Thus activities that

the researcher couldn't observe directly were studied. Of course, since the researcher has been a principal in the district for the past ten years, he also used observations from his experiences in the buildings, on the negotiation team, and as a member of the community as yet another valuable source of information.

A log was maintained throughout the research to document the audit trail, along with member checks. The IRB documents were shared with participants prior to being interviewed. Transcripts and documentation were maintained in the researcher's locked office, and audiotapes were destroyed after transcripts were developed. All these procedures are meant to increase the trustworthiness of the research ((Ary, Jacobs, & Sorenson, 2010; Merriam, 2009; Yin, 2009).

## CHAPTER IV

### FINDINGS

In this chapter the researcher reports on the findings of this qualitative case study, which aimed to explore the perceptions of merit pay in ISD. The first section of chapter one is dedicated to the researcher sharing his experiences while engaging the ISD teachers in the interview process. The researcher then illuminated the findings organized by the following eight lines of inquiry:

- Teachers' understanding of how ISD's merit-pay system works
- Teachers' reported thoughts regarding the merit pay policy at this point in its' implementation
- Teachers' reported thoughts they had when they received their final evaluation reflecting their merit raise
- Teachers' reported beliefs on how merit pay has influenced school climate
- Teachers' reported influences merit pay has on collaboration among teachers
- Teachers' reported influences merit pay has on teacher/principal collaboration
- Teachers' reported influences merit pay has on school morale

In the last portion of this chapter, the researcher describes the data analysis. In the data analysis the emerging themes were taken to a higher supplementary level.

#### **Trustworthiness**

Trustworthiness serves qualitative research in similar purpose as validity serves quantitative research. This researcher provided a level of confidence in the findings by conducting member checks and an audit trail (Ary, Jacobs, & Sorenson, 2010; Ridenour



& Newman, 2008). Member checks gave the subjects the opportunity to verify what they said in the interviews and also to make any changes if they felt their answers were misrepresented. The audit trail was maintained throughout the process and audio recordings and transcripts were locked in a file in the researcher's office available for any of the researcher's dissertation committee and finally destroyed upon final approval of the dissertation. This information was shared with the subjects ahead of time as were the interview questions in order to foster trust in the researcher, as well as the process. Anonymity was maintained through the process and the University of Dayton approved IRB.

In addition to the audit trail, the researcher conducted peer debriefing and collaborative coding (Brinkmann & Kvale, 2015; Harry, Sturges & Klingner 2005; Ridenour & Newman, 2008, Saldana, 2009; Sandelowski & Borroso, 2007). In regard to peer debriefing and collaborative coding the researcher engaged committee chair Dr. David Dolph. Dr. Dolph and this researcher had extensive conversations about the codes, the transcripts, and the meaning the researcher perceived to have arose from the data. A second colleague was used to code the data as well. Dr. Dolph served as the "rigorous examiner" and auditor of the researcher's analysis (Saldana, 2009). These processes and conversations were documented in a reflexive journal that was maintained throughout the interview, coding, and debriefing process.

### **Setting**

The researcher described in detail the setting of ISD in chapter one. However, throughout the interview process, which took place over a two-week period of time, the researcher immersed himself in the setting during interviews and between interviews.

The researcher was in each building at different times throughout the day as well as spending time in classrooms and the conference room where interviews took place. Some teachers preferred meeting in their classrooms while others met the researcher in the conference room.

Lincoln Elementary conference room is located off the main office of the school. As the researcher entered the building the first time the researcher explained why he was there. The secretary greeted the researcher with a smile and confirmed that the principal was expecting him and welcomed him to the school. She asked the researcher who he needed to meet with and he told her. The researcher set all the meetings up with the teachers ahead of time so the first teacher was ready and waiting. The conference room is across the hall from the office. The door accessing the hallway is locked and the secretary pushed a button unlocking the door so that the researcher could gain access. The researcher passed through the hallway into the small corridor with wooden slots stained with a dark stain, as is all the woodwork throughout out the building. The next door was where the nurse's office is located. Most days throughout the two weeks the nurse was sitting at her desk working at her computer. The researcher passed her office and then the next room was the conference room. There was a large wooden table with chairs and two windows that looked out on to the back, front, and side yards of the building. The large oak tree where the parents gather to collect their children was right outside the window facing the front of the building. The researcher never saw students enter the nurse's office throughout the two-week period, which was surprising but also speaks to the health and care of the ISD students.

As the researcher walked into the building at various times he was greeted warmly by staff and at times teachers joked with him saying, “Oh it is you again.” After the two weeks the researcher was really starting to feel part of the culture, and his initial perceptions about the climate and culture at Lincoln were confirmed. Teachers were welcoming, kind and often seen talking with each other in their classrooms and in the hallways. The researcher observed the collaborative culture and collegiality of the staff throughout the time spent in the school. He really felt welcomed when a teacher stopped by the conference room and asked him to attend a staff lunch that day. While he could not stay, this speaks to the access and trust the staff extended to the researcher.

While over at Washington Elementary, the researcher stopped in the main office and the secretary always welcomed the researcher and hit the button providing access to the building. Lincoln works much like Washington but in addition there are orange yellow, and light blue painted walls and woodwork throughout the hallways. The classroom large wood doors have teacher names on a plaque next to the doors with their names cross-stitched in fabric providing a homey and welcoming feel.

The researcher conducted interviews in a small conference room next to the school counselor’s office. As he passed the counselor’s office he did not observe students in her office. Most of the time the counselor could be seen sitting in her office working quietly on her computer. The conference room was open throughout the two-week period the researcher conducted interviews. If there was time between interviews the researcher sat in the conference room listening quietly with the door open as teachers and students moved throughout the building.

One particular morning the researcher started interviews at 8:00 AM. The school starts at 8:30 AM and students are allowed to enter the building at 8:20 AM. This is also the case at Washington. Throughout this time in the morning teachers are preparing for the day in their classroom or gathering in the teacher workroom located next to the principal's office. Teachers in the workroom are drinking coffee and discussing lessons and events they plan for the day.

Once students began entering the building, a male teacher next to the conference room could be heard greeting each student as he or she entered his classroom. He greeted each student by name and at times joked around with the students while at the same time providing a warm and welcoming atmosphere.

Being immersed in both buildings over this two-week period of time provided the researcher with vital knowledge and insight into the climate and culture of each building. The researcher's perceptions as mentioned in chapter one were confirmed while at the same time providing the researcher with a deeper understanding of how the schools operate and how the staffs work with each other and with students. This researcher throughout the interview process observed the collaboration among staff, the student-centered philosophy of ISD, and the positive professional environment.

### **The Researcher's Interviewing Experiences**

All subjects were engaged in answering the questions. The teachers seemed eager to share their experiences and many expressed how much they appreciated the opportunity to share their perceptions on ISD's merit-pay system. The researcher did not observe hesitancy or guarded responses from the subjects. These observations were recorded in the researcher's reflexive journal that was maintained throughout the

interview process. The researcher was impressed but not surprised with the frankness and thoughtfulness of the subjects' responses.

During each interview the researcher followed up on questions in order to expand clarity or more details in the subject's answers. For example, in the interview with subjects the researcher asked the following follow-up questions:

- “What do you mean by “some are not happy with the merit-pay system? What are they not happy with?”

[Response by Subject 1]

- “So they feel like they could make more money if they did not have merit pay?”

[Response by Subject 1]

- “You said it has not impacted your relationship with your principal in a negative way.” “Why?”

[Response by Subject 1]

- “You said that collaboration has been very good among teachers. Do you think it is better with merit pay?”

[Response by Subject 1]

By following up on the original inquiries when merited, more detailed narratives were generated from the teachers (Spradley, 1979).

The researcher reflected on the interview of each subject, then documented questions and thoughts about the interview in the researcher's reflexive journal. This reflective process allowed the researcher to make meaning of what the teachers chose to share during the interview.

## **Teacher Elucidations**

The following sections are the researcher's elucidations of teachers' voices organized by the eight questions the researcher queried.

- What is your understanding of how the ISD's merit-pay system works?
- What are your thoughts regarding the merit-pay policy at this point in its implementation?
- Could you walk me through what happened when you received your last merit review/evaluation that resulted in your merit pay? What were you thinking about the process when you received your final evaluation reflecting your merit raise?
- How do you believe merit pay impacts the climate at school?
- What influences do you think merit pay has had on collaboration among teachers?
- What influence do you think merit pay has had on teacher/principal collaboration?
- What impact has merit pay had on teachers' attitudes?
- What influences does merit pay have on school morale? Please explain.

### **Teachers' understanding of ISD's merit-pay system.**

In asking the question about what the subject's understanding of how ISD's merit-pay-system works, the predominant theme was that teachers do not have a good understanding of how the merit-pay system works in ISD. There were a minority of teachers that had a general understanding of how the merit pay system works; however, their understanding was not in depth with the exception of the teacher who was the union president at the time of implementation. The understanding encompassed at least three thoughts and reflections:

- The merit-pay system is not fair because it is tied to state assessments.

- Merit pay creates heightened levels of stress and anxiety due to being tied to state assessments.
- A minority of teachers had an accurate understanding of how ISD's merit system worked.

First there were teachers that had a general misunderstanding of how ISD's merit system is structured and how it worked, and this misunderstanding has led to a perception of unfairness, as evidenced by comments such as "I'm also expected to deliver on test scores. A raise for next year is partially depending on how we are evaluated and our administrator walking through and then through how the district performs on test scores." In addition, one teacher shared that some teachers that are not teaching in a tested area, like art for example, are given a merit raise based on the school district's graduation rate. These examples are all misconceptions due to the fact that ISD's merit-pay policy is only tied to the principal evaluation. Test scores are not part of the ISD merit-pay system.

These misconceptions have led to teacher perceptions of unfairness with the merit-pay structure. Teachers feel like they are being paid based on test scores that are not completely in their control. One teacher, named Mary, stated, "My issue is the issue of in the business world. You can control your raw material and we can't." Another teacher did not feel like merit pay was fair because her grade level was not tested by the state therefore her raise was tied to the performance of students in another grade level that she did not teach. This again is not true, however she believed it to be so. Jill stated, "Basically it is by percentage of your test scores and the percentage of your observation and meeting your goals, percentage of all those."

Second, teachers are feeling stress, and anxiety due to the misconception of merit pay being tied to state test scores. For example, Mary stated, “I think there is a lot of added pressure that came on slowly, but now it is a weight like a heavy blanket that we carry around.” However, Mary was in the minority of teachers that expressed a level of anxiety associated with their perceptions of merit pay being tied to test scores.

Third, the majority of teachers had a general understanding of how ISD’s merit-pay system worked and was structured, however this general understanding was typically vague at best and even the best understanding lacked a clear detailed explanation of the criteria in which teachers’ pay is based on in ISD.

This vague or general understanding included statements like Jim’s. He stated, “So I know it uses the state rubric and um I know that every year you can get a combination of like four walkthroughs, two goal-setting meetings or you could have two formal observations and two walkthroughs and your goal setting meeting, but it is based on the rubric and you know your meeting with your administrator and you are setting your goals and at the end of the year you are looking through the rubric to see if you have any evidence to meet the goals that, to what degree you have met those goals.”

An example of another teacher that had a general understanding of ISD’s merit-pay system was Robin. Robin said: “My understanding is that we participate in the teacher evaluation system. At the beginning of the year we make up goals with our self, along with the principal and we meet to discuss those, and then throughout the year we get either observed or we get the walkthroughs to make sure we are on track with our goals and with the whole rubric that we have to meet those requirements. And then we meet midyear to go over where we are with our goals...at the end of the year we meet again



and then talk about the goals and about the rubric evidence and go from there to see where the score is.”

This is contrasted by a very brief yet accurate description of merit pay as stated by Sally. She asserted, “The more efficient teacher you are increases your salary.” The researcher followed this statement by asking efficient or effective? The teacher stated, “effective.” Another teacher, Joan, maintained, “I feel like it is an incentive for teachers that are doing a great job in their you know, job. I feel like at this point it’s a lot easier to understand for a teacher. At the beginning it was a bit overwhelming. It looked like, oh boy, am I going to get this? How does it work? But it is a lot more doable now that I understand it.”

This researcher will address why these misconceptions of ISD’s merit pay system being tied to student test scores in chapter 5 along with possible solutions to rectify these misconceptions.

### **Teachers’ reported thoughts regarding the merit-pay policy at the current time.**

The theme from the second line of inquiry revealed teachers have a positive outlook on ISD’s merit-pay system. The general consensus is teachers are comfortable at this point in its implementation but were hesitant in the beginning of merit pay implementation. However there were concerns voiced by teachers mid-way through their teaching career with 10 to 15 years of experience. Three themes emerged:

- Teachers are generally positive toward merit pay and feel it is beneficial.
- Teachers are accepting of merit pay at this point in the implementation but are concerned about the future.

- Teachers qualify that they are somewhat positive toward merit pay but this is dependent on their principal.

First, teachers were generally positive toward merit pay. For example, a teacher for grades one-through-six shared, “at this point I feel fine about it. After doing it for a few years and kind of knowing how it all works I feel comfortable with it.” Beth stated, “I am very happy with that, I mean, I think there’s more value in that system than you have been here for X amount of years.”

Jim made reference to the transition from the traditional salary schedule when he said, “I think it has been a smooth transition, it is hard to believe that it has been six years. Kelly declared, “It is nice to get a reward for doing the right thing.” Robin avowed, “I have thought it has been really fair for me...I guess I have not had any concerns with it. I have felt like I have been scored fairly by it and I think it was a good process to go through.” Sally indicated, “I have been really satisfied because I’m in favor of merit pay. I consider myself a very proficient, good teacher and I feel like there are not enough reinforcements as it is for us as in the teaching profession. At least I feel like okay, so I’m doing the best that I can for the district by being a professional.” Kim a teacher at Lincoln had eluded to the positive impact merit pay has on her behavior. She averred, “I would strive for that either way, but it is nice to get a reward for doing the right thing.”

Other teachers content with the merit-pay system referenced taking advantage of the aspects of the merit-pay components such as the Critical Self Reflections, which provide teachers with a \$1,500 increase to their base salary. Marge shared, “I have benefitted from it. It works for me. My salary has nicely increased. I have done two self-

reflections.” Terry, a grade one-through-three teacher, stated in regards to her thoughts on merit pay at this point in its implementation, “Okay for me. I have also done the self-reflections. So I have received those pay increases as well.” Marti expressed a sense of pride when she said, “I think it is good. Like I said, you have a chance to show what you are doing. I think it is a good system.” In referring to the merit-pay policy’s implementation Liz, stated, “I just feel like it has been deliberately and purposefully implemented as strongly as can be.”

While teachers are receptive to merit pay at this point in its implementation they are also concerned about the future of merit pay. There are two reasons for this concern. The first reason is that teachers are worried that the current merit-pay plan is financially unsustainable for the district. Linda, lamented, “My fear is that we are going to run out of money. I think it will be hard to come back to teachers and say we are going to revamp this because it is costing too much.”

The second reason teachers are concerned about the future of merit pay in ISD centers on the consistency of the principal. Teachers perceived their principals as fair and they express concern that if they have a different principal in the future things could change. This fear was reinforced in Washington Elementary when a previous principal let the teachers know that he did not believe in giving the highest ratings to teachers except for rare occasions. Teachers felt like they were starting out with the deck stacked against them. They expressed that things are better now with a new principal, but fear things could change in the future with a change in leadership. Lincoln elementary teachers didn’t express this concern due to the same principal being in place for the past six years.

Mary summed up another example referencing the stability and consistency of the principal position, when she uttered “Absolutely it is a game changer, because she (principal) could have a very different approach. She (the principal) could say we are starting fresh every single year. I feel you could have a principal that starts with, you are not doing your job.”

Washington Elementary has had more turnover in its principals in the last six years. Since merit pay was implemented, they have had two principals. Due to this turnover in building leadership, Jill stated, “I have to prove myself over and over again every time for each principal. And if they really didn’t get to know me that year, you are under a disadvantage.” Another teacher, Sue, expressed her concern for having a different principal by sharing an experience a friend of hers in another district is having. She said that the principal is new with very little experience. She feels that this principal is trying to get rid of more experienced teachers she labeled as the “old guard”. She indicated, “They are not on merit pay, but I believe if they were that this guy would use it as a retaliatory thing.”

**Teachers’ reported thoughts when they received their final evaluation reflecting their merit raise.**

Three themes emerged from this line of inquiry. First, overall, teachers felt comfortable meeting with their principal. Teachers felt the evaluation process provided an opportunity to provide evidence relative to the evaluation rubric. Second, they felt like the final evaluation meeting to go over their evaluation and merit raise was fair. Third, teachers expressed a feeling of anxiety that presented itself in this line of inquiry as some teachers stated that they felt they had to prove themselves over and over again each time

they were evaluated. This anxiety was heightened in teachers due to the turnover of principals. The new principal required the teachers to provide more evidence based on the new principal not knowing them as well as the previous principal knew them. The three emerging themes included:

- Opportunity
- Fairness
- Relationship with the principal

First, much of the teachers' language centered on opportunity. Teachers expressed the appreciation to have an opportunity to share with their principal during the evaluation conference what they have been doing relative to their teaching and professional goals. Steve maintained, "I felt good about the process. She was able to actually observe me several times throughout the year and she really like, knows what I am doing. I felt supported and comfortable with the process overall and had just a positive experience overall." Another example was when Beth shared a similar experience, "I feel pretty comfortable if there are questions I would feel comfortable to ask, and it has been a pretty transparent process." Jim stated, "I've always just thought the process went pretty smooth. I feel like it has made me more knowledgeable of what I do." Lastly Robin stated, "I felt like she (principal) had a good understanding of where I was and felt comfortable with the score that she gave me in those areas. So I thought it went well."

Second, teachers reported their thoughts during their evaluation conference as a fair process. Robin said, "I thought it was really fair for me. And I felt like all the principals I have had in the past have been fair in their evaluations." Robin also affirmed she felt comfortable with the score she received from her principal. Joan described the process

she went through at her last evaluation conference. The researcher followed up by asking, “What did you think about that?” She answered, “She did a great job understanding.” This sentiment was reiterated by Terry when she said, “I sat down with the principal and went over my evaluations and I felt like it was fair.” Bob shared his experience of the process with the researcher and the researcher followed up with the question, “Did you think it was fair?” Bob answered, “I did.” Barb also addressed fairness when she shared her thoughts on the evaluation conference. She avowed, “My administrator who evaluates me is very fair and thorough.” Lastly, Lynn averred, “I thought she was honest and straightforward and I have never disagreed with any of my evaluators.”

Finally, teachers expressed their thoughts on the final review conference relative to the relationship they have with their principal. Tom, a teacher with over 15 years in ISD stated, in reference to the principal, “I think she is a great administrator. I think she does a good job of knowing what we are doing and how we are working toward things we are working toward this year.” A similar statement was made by Steve when he said, “I felt good about the process that she was able to actually, like observe me several times...I felt comfortable with the process and overall had just a positive experience with it.” Feeling comfortable with her principal was also something Beth shared in her interview. She specified, “I feel pretty comfortable if there are questions I would feel comfortable to ask. It has been a transparent process.” Marti highlighted her positive relationship with the principal when she stated, “I felt very comfortable walking in and speaking with Mrs. Casey. I could present to her something that I had accomplished that she did not see in her observations, and she could tell me some things that she thought maybe she should

have seen.” Finally she affirmed, “I feel very comfortable and I think it depends on the principal too. How they are articulating with you and you to them. I feel very comfortable with her.”

A teacher from Lincoln Elementary shared her perception of a negative relationship with her principal. Jackie shared in reference to her principal; “She is not real crazy about older teachers. I am going to be honest. Older people get moved.” This teacher felt like she was being targeted to move to other grade levels due to her age. In contrast, a teacher from Washington Elementary, Lynn, who has been teaching for over twenty years in ISD stated in regard to her evaluation conference, “I thought she was very honest and straight forward. I have never disagreed with any of my evaluators.”

Joan, a teacher at Lincoln, summed up the importance of trust between the teacher and the principal when she said, “I trusted that she was marking everything. The first couple of times I was looking at it really carefully, but now that I understand okay here is your range. Here is where you are. It was easier to follow. There is a lot of trust that you need to know that your administrator is doing what they are supposed to do.”

### **Teachers’ reported beliefs on how merit pay has influenced school climate.**

The recurring beliefs that emerged from this line of inquiry reflected:

- No impact on school climate
- A negative impact on school climate based on the misconceptions that merit pay is tied to student performance on state mandated tests.
- A positive impact on climate in terms of motivation and focus.

First, teachers overall felt like the merit pay plan implemented by ISD did not have a positive or a negative impact on school climate. Secondly, those that did perceive merit

pay had a negative influence on school climate made comments connecting merit pay to student test scores, which, was not the case.

Teachers who had a general understanding of how merit pay works in ISD were in consensus that merit pay did not impact school climate. Tom, a teacher, at Lincoln Elementary and a veteran at ISD, declared, “I don’t think it affects our climate at all.” Steve, teaches at Lincoln Elementary stated, “Honestly I’m not sure that I have noticed anything that has changed from my perspective...I haven’t noticed the climate change. I was here before the merit pay was implemented and people are still positive and overall the climate in this building has stayed the same.”

In chapter two it was noted that there were several studies that made reference to the possibility of merit pay having a negative impact on school climate and competition between teachers developing and a reduction in collaboration among staff. A teacher by the name of Beth claimed the contrary when she said, “I know people had concerns that it (merit pay) would be competitive. But I don’t feel that way at all. Our building...is pretty driven; we are pretty engaged and are involved in professional development at all times of the year and always exchanging ideas. I never feel like it is a competition of any kind. We support each other to do our best.” Joan, a teacher of more than fifteen years, supposed, “I think here in ISD everybody works hard every day anyway. I don’t think the climate has really changed that much in here. Just because we are all pretty professional hard workers.” Marge had a similar statement; “I don’t think it keeps us from sharing or collaborating. We don’t say ‘well I got this and you didn’t’.” Tonya also made reference to being professionals and not talking about pay when she said, “I don’t



think anybody talks about it. We are professionals, so we don't talk about pay, so it does not come up."

There were very few teachers that felt like merit pay has had a negative impact on school climate. However, the teachers that felt this way were basing their statements on their perceptions that the merit pay at ISD is tied directly to state test scores. This misconception was addressed earlier in question one. For example, Bob said, "I think some teachers complain a little bit about test scores being included sometimes because student performance is also impacted by outside factors we can't control. A day or two snapshot may not be indicative of the student's ability.", a teacher, at Washington Elementary said, "I think there is an increased, I don't know if it is stress level, anxiety level...there is a real focus on test scores." Along this same theme, Marti stated in reference to fourth-grade teachers who have students that are tested by the state, "I think as a fourth-grade teacher it would be a little stressful." Megan uttered a similar comment, "I would imagine the tested areas probably feel extra pressure."

There were also a few positive statements made by teachers when asked about the influence merit pay has on school climate. Megan stated, "I do think though people...are making sure that they incorporate certain things into their classrooms because of merit pay." Liz, a veteran teacher stated, "I believe for the most part it's been somewhat of a non-event to positive. We are all a tiny bit more buttoned-up." Through a clarifying question by the researcher, buttoned-up was described as focused on goals and doing what they are supposed to be doing. Liz then went on to say, "...people are pushing for student growth more so now than I can remember in the past due to merit pay."

**Teachers' reported influences merit pay has on collaboration among teachers.**

When asked whether teachers have been influenced to be more collaborative due to merit pay, most agreed that collaboration was already a substantial part of the culture, but they did make it known that merit pay did not hinder collaboration. There were also teachers that expressed merit pay may encourage collaboration and two teachers out of the 26 teachers interviewed felt merit pay may hinder collaboration among teachers. The three perceptions reported were:

- Merit pay has no direct effect either positive or negative toward merit pay.
- Merit pay hinders collaboration.
- Merit pay fosters collaboration among teachers.

First, in reference to merit pay having no direct effect on teacher collaboration most of the teachers had a similar response to the two following examples. Mary one-through-six grade teacher at Lincoln Elementary declared, "Oh, I don't think it has impacted it (collaboration) either way." Jim a veteran at Washington affirmed, "I have seen no change in the collaboration. Like I still see grade levels working as teams within the grade level and I still see grade levels working very closely with the previous grade level and the one after. We still see a lot of collaboration. I see the same amount of sharing that always happened ... I have not seen anybody you know not willing to share because it might be an advantage to them." Linda has been teaching for over 30 years and over 20 of those in ISD. She expressed, "That is interesting when we first started talking about our pay system we talked about the possibility that I'm going to keep everything to myself because I want to look better than you do. The fear was that teachers would not

share. I don't think that is true at all. I don't think anybody at least in our school system, I think we are a very compatible group of people willing to help, willing to share."

Second, there were only two teachers that alluded to merit pay having a negative impact on collaboration among teachers. Jill, a teacher at Washington was one teacher that perceived merit pay as having a negative impact on collaboration. She is also a teacher that perceived incorrectly that merit pay is tied to student scores on state mandated tests. She stated, "I feel like there is more competition." She then shared, "I feel like it really made us more not whole, that (it) made us individuals."

Kelly also shared a similar thought regarding teacher collaboration. She said, "I still think teachers collaborate but do think that if you are doing a certain project or something and you know it is part of your goals or something that might be something that you would not share because you wouldn't want everyone else to be doing the same exact thing, which I think is a part of merit pay."

Finally, there were teachers that shared merit pay may have a positive influence on teacher collaboration. Robin, from Washington elementary stated, "It encourages you to have a collaboration piece in your goals so that has been helpful." The researcher then followed up, "So do you think merit pay incentivizes you to collaborate?" Robin responded, "Yes." Tony made a similar statement, "We are very collaborative. I actually think it requires us to work together."

Lee, a grade one-through-four teacher, at Washington for the past twenty-two years stated, "Our team sets our goals together...it helped a lot." Marti, a teacher at Washington Elementary, followed this "I think it (merit pay) opens the door for more

collaboration. I think when principals are coming in and they have direct pieces they are looking for, I think it opens that door a little bit more.”

**Reported influences merit pay has on teacher/principal collaboration.**

Teacher responses to this question were similar to the previous question about teacher collaboration. However, there were comments made referring to the workload the principals are under to complete the merit-pay evaluations and in turn, may inhibit the ability of principals to collaborate with teachers. Teachers reported:

- There is no influence on teacher/principal collaboration.
- There is more collaboration between teachers and principals.
- There is less informal collaboration between teachers and principals.

First, the research participants perceived merit pay did not have an influence negative or positive on teacher/principal collaboration. This included responses from teachers that worked under multiple principals. Tom responded, “I don’t perceive that there is any difference in that either. I have had two principals and I don’t know if there is any difference in that (collaboration) in either two principals.” Steve said something similar when he stated, “I don’t think we had an impact on the collaboration between the teacher and the principal.” Jim added, “I don’t feel any different knowing that there is a merit-based system in place and this would be my second principal under the program.”

However, another group of teachers felt like merit pay may increase the collaboration between the principal and the teacher. For example, Robin felt like merit pay has increased collaboration with the principal and also made preschool more of a priority. She uttered, “I always feel like it is good because she comes in and observes because I feel like preschool is not always top priority. At least if one of them gets down

here to observe, it encourages collaboration.” Joan confirmed her perception of more collaboration and connected collaboration with goals and classroom instruction, when she stated, “There is more collaboration about specific goals and specific standards now because it is broken down so specific. I feel like it involves the teacher and principal more with the nuts and bolts of what is truly happening in the classroom.” Marge, who teaches at Washington Elementary, also expressed, “I think we make sure we show evidence and talk about our goals. Sometimes she (principal) has ideas for us so I think it helps collaboration.” Megan mentioned that merit pay has led to discussions with her principal based on areas she (the teacher) needed to improve. She stated, “It has led to discussions with past principals based on the areas I need to improve.”

A third group of teachers expressed concern that the merit-pay system has led to fewer interactions and informal collaboration between the teachers and the principal. For example, Jill testified, “I think it is a lot of work that might be spent somewhere else. Instead of three meetings at a half hour each with each person.” Barb from Lincoln Elementary went into a more detailed explanation of her thoughts on teacher/principal collaboration. She stated, “The principal used to be the principal of the school and of the children and he or she had a lot of freedom to pop into your classroom and walk in...and join a lesson. The principal was more present, and was able to just be around. That piece has been taken away. I would not want to be a principal if I could not be a part of the learning environment.” John, a teacher with over ten years experience stated, “I think the one thing might be that it has created less (collaboration) with merit pay.”

### **Reported influences merit pay has on teacher attitudes.**

In analyzing teacher responses, the overall theme was most teachers felt merit pay did not have an effect on teacher attitudes. There were a minority of teachers that expressed that merit pay has a positive impact on teacher attitudes. In regard to teacher attitudes, three themes emerged:

- No impact on attitudes.
- Positive impact.
- Dependent on the relationship between the principal and the teachers.

First, Tom didn't perceive merit pay as having any effect on his attitude. He declared, "I can't speak for everybody, but I don't think it affects me at all. Honestly it doesn't come to my mind until basically my final evaluation, you know I did not get into this job for the money. I am not driven by a paycheck."

Jim put it more simply when he said, "I have not seen a change in attitude. I haven't seen a change in pressure or stress. I haven't seen a change at all."

Second, Sally stated that she was happy. She made reference to the benefit of receiving merit pay and being able to better support her students by stating, "Well it makes me happy; makes my husband happy. I mean we have a lot more stuff in preschool so we have storage units that we pay for out of our own pocket, and there is never a weekend that I don't buy something for the classroom, so like getting a merit raise. I feel like I can do that and not feel bad about doing it, taking away from my family."

Steve, a teacher at Lincoln, perceived merit pay as having a positive impact on attitudes. He affirmed, "I think overall it's been positive because I feel like overall people feel like it's a fair system and they are getting good results."

Robin also perceived a positive impact on attitudes. She stated, "Well I think the attitude in general in ISD is that teachers strive to do what is best for students. But I think merit pay does increase the desire for teachers to do their best."

Lee said that she felt very fortunate to work for ISD and is proud to be in a district that focuses on doing what is best for the kids. She then went on to say, "You know I guess if I had to say would I be a fan of merit pay? I probably would from the standpoint that I feel like it gives someone a place to aspire."

Third, there are teachers that believe merit pay is not as much of a factor by itself, but in combination with the relationship the teacher has with the principal. Beth who has been teaching in ISD for over 17 years at Lincoln Elementary shared, "I think it is more the relationship with the principal and the feedback that you get. I honestly feel that the teacher/principal relationships, the staff feeling supported, and having a positive attitude is based more on who your administrator is. Having gone through both systems and several principals I think it is more the feedback you get from your administrator as opposed to the pay."

In reference to a past principal, Jody, a veteran at Washington elementary, shared, "I think it's actually been a decline because we had some sketchy years in there and it was a big stain so that is hard to get over after a while" (referencing a past principal).

### **Teachers' reported influences merit pay has on teacher morale.**

In positing this question about the influence merit pay has on morale, the overarching meaning was that merit pay has no effect to a slightly positive effect on teacher morale.

Steve felt like morale was good before merit pay and continues to be positive after merit pay. He stated, "I think school morale overall was positive before and after. So I haven't seen that it (merit pay) affected it (morale)."

Jim acknowledged that a drop in morale was a worry before merit pay was implemented. He explained, "It's an open collaborative sharing environment. I think that is regardless of the pay system. That is an excellent question because that was the question that was posed prior to the roll-out and that is what people feared is that there would be a closing of the doors and then a lack of sharing but it has been seven years and I have not seen that at all."

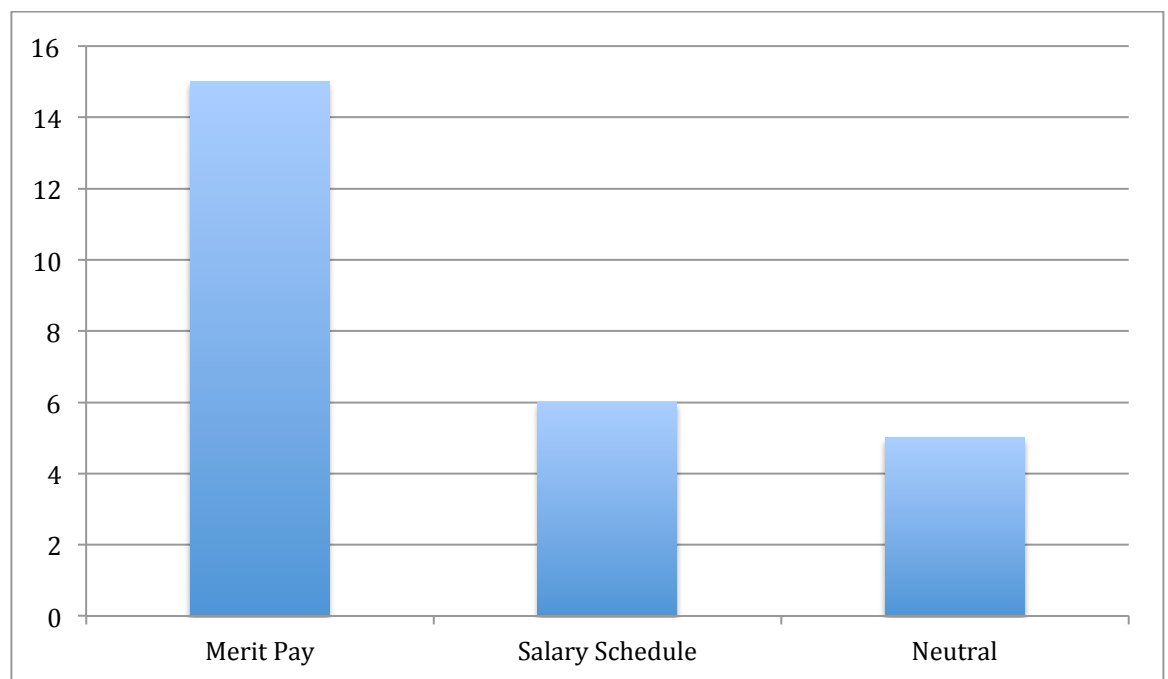
For example, Liz felt that merit pay had a positive effect on teacher morale and went on to say that she believes it keeps teachers more focused on data and goals and "that is a good thing."

Pam, a 20 plus-year veteran teacher, who is teaching an upper level grade for the first time stated, "I think everybody seems pretty happy around here. They like getting a raise. It used to be you had to go to your union and go through negotiations. That has gone by the wayside. The merit pay is more positive because they (teachers) are going to get a raise. I feel blessed to be in the system."



**If they had their choice would they go back to a traditional salary schedule based on years of teaching experience and educational attainment? Or, remain on the merit-pay system?**

The researcher asked this question to get an overall perception of individual teachers as well as a summative analysis of teachers' positive or negative perceptions of merit pay. Figure 3.0. below shows the results of the question based on responses from the twenty-four subjects.



**Figure 3.0: Teacher preferences on merit pay vs. traditional pay**

Figure 3.0 above shows 15 teachers would prefer to remain with a merit-pay system after six years of implementation. Six teachers would return to a traditional salary schedule based on years of experience and educational attainment, and five teachers did not express preference either way.

### **Emerging Constructs From the Perceptions Teachers Exhibit Relative to Merit Pay**

Overall, the teachers voiced positive perceptions of ISD's merit-pay system.

Teachers expressed the climate and culture as being positive at ISD before merit pay was implemented and continues to be positive after implementation. Teachers expressed that ISD is a collaborative environment focused on doing what is best for students. Doing what is best for students is a component of the ISD's mission statement and a recurring response by teachers throughout the interview process.

The researcher posed an additional question to teachers by asking them a final line of inquiry asking the question, "If you had your choice to stay on a merit-pay system or return to a traditional salary what would you do? As Figure 3.0 shows, the majority of teachers chose merit pay. This served as a check on the researcher's analysis of the data and provided evidence for the emerging theme revealing teacher perceptions of merit pay were mostly positive.

Second, there was a major misconception that emerged from the interviews. There are a significant number of subjects that believe the merit-pay system implemented by ISD is directly tied to student performance on state mandated tests. Any anxiety or negative perceptions about merit pay were mostly tied to the misunderstanding of the merit-pay system.

Third, teachers also conveyed a sense of pride in being paid based on merit opposed to the traditional salary schedule. They felt good about the fact they were being rewarded for their teaching as opposed to making more money based on teaching another year.

Fourth, teachers expressed that merit pay works in ISD but this is contingent upon having a positive relationship the principal. Teachers felt very strongly that if they had a principal they could not trust, merit pay would not motivate them to be better teachers.

Last, teachers were somewhat concerned about the workload the merit-pay system puts on the principal. They were concerned that the principal has become the “evaluator” as opposed to the building leader of teachers and students.

These perceptions will be discussed further in chapter five as the researcher delves deeper into the perceptions teachers have toward merit pay after six years of implementation.

## CHAPTER V

### CONCLUSIONS, DISCUSSION, AND IMPLICATIONS

The researcher began this study purposefully, through setting out to engage with a group of teachers that have been experiencing merit pay for the last six years. The findings were reported in the previous chapter. In this chapter, the researcher draws conclusions from those findings. Second, the researcher discusses the findings relative to the central research questions and sub questions. These include:

Central Question: What are the perceptions of ISD teachers who teach preschool through sixth grades regarding merit pay after six years of implementation?

Sub-question #1: What specific aspects do teachers perceive as either positive or negative about merit pay?

Sub-question #2: How do teachers perceive the impact of merit pay on their teaching?

Sub-question #3: How do teachers perceive the impact of merit pay on student learning?

Sub-question #4: How do teachers perceive the impact of merit pay on school climate?

Sub-question #5: How do teachers perceive the impact of merit pay on their relationships with the principal and with other teacher(s)?

The third section of this chapter is dedicated to the implications of the study. Specifically, the researcher will share implications relative to the following.

- Transferability
- What teachers might learn from this study

- What administrators and district-level leaders might learn from this study
- What boards of education and policy makers might learn from this study

## **Conclusions**

As summarized in the literature review, merit pay, a hybrid of merit pay and a traditional salary schedule, or simply raising pay for teachers may be effective methods for increasing student learning. However, the factors that influence a successful method of compensation depend on the culture and climate, involvement of the teachers in the process of development and implementation, structure, and level of trust between the teachers and principal. These components must be in place in order to increase the prospect of student learning as illustrated in Figure 2.0. in chapter two. These components and the importance they hold in implementing a merit-pay system have been examined through this case study.

As documented in the New York City Schools study, the failure of the program may have been due to teachers not understanding the merit system that was implemented (Goodman & Turner, 2012). Teachers not understanding the ISD model is an emerging theme identified by this case study. The anxiety and negative responses shared by subjects centered on their perception of ISD's merit-pay system being connected to student performance on standardized state tests. ISD does not use state test scores to determine pay. This misconception will be addressed further in the implications section.

High trust and a relationship with the principal were also a strong and consistent theme throughout this case study. Teachers were very consistent in stating that the merit system works in large part due to the trust and the positive relationship between the principal and teacher.

## **Discussion**

### **Relating the findings to the literature.**

As reported earlier, a solution that boards of education have looked to as an alternative to paying teachers for years of experience and the level of education is a merit-pay system. A merit-pay system is one based on student performance rather than on the years of experience/level of education formula (National Commission on Excellence in Education [NCEE], 1983). As mentioned, such a system is similar to the model businesses often use to compensate employees. Merit pay was meant to replicate a pay system based on performance in the corporate sector (Malen, Murphey, & Hart, 1987; Morrison, 2013; Rice & Malen, 2017).

ISD moved from a traditional pay schedule based on years of experience and educational attainment, a system that is weakly correlated to increased student learning according to Hanushek and Rifkin (2007). However, the reason ISD moved from a traditional pay system to merit pay was based on the ISD Board of Education and the teacher union ratifying a contract that did away with the traditional pay system and moved to a merit system based solely on the principal evaluation as well as the opportunity for teachers to complete a critical self-reflection in order to increase their salary.

This critical self-reflection was available to teachers once every three years and was added to the base salary. This was due to the option for increased pay for educational attainment being eliminated the negotiated agreement. The self-reflection was meant to provide teachers an opportunity to increase their salary in addition to the maximum three

percent allowed through the evaluation, thus preventing teachers from falling behind in pay compared to other area school systems that used the traditional pay model.

### **Themes.**

There were eight major themes revealed in this study that were supported by the literature review completed in chapter two as well as illustrated in Figure 2.0. in chapter two.

1. Involvement of stakeholders in the development of a merit-pay plan is critical.
2. Merit pay must be aligned with the mission of the school system.
3. The merit-pay structure must be designed in a way that meets the needs and is understood by the stakeholders.
4. There must be high trust among teachers.
5. There must be high trust and a positive relationship between the teachers and principal.
6. The teachers must perceive the structure and implementation of the merit-pay program as fair.
7. Merit pay does motivate teachers.
8. Teachers are concerned merit pay may negatively affect the role of the principal.

### **Involvement of the stakeholders.**

ISD started the process through partnership between the board of education, teachers union and the ISD administration. The union president and the superintendent worked closely with each other throughout the process. Teachers and administrators served on committees together to develop components of the plan such as the critical self-

reflection. There were regular updates to teachers, administrators and board of education members throughout the process and these stakeholders were given opportunities to share opinions throughout the process of development and implementation. This process was also aligned with the district mission statement. The baseline trust that developed throughout this process provided the foundation needed for implementation of the merit-pay system in ISD. That such a process may well result in trust between the administration and teachers is supported by the study conducted by the Center for Education Compensation (2011). The authors of the CECR affirmed stakeholder involvement and support is crucial to whatever merit-pay plan is implemented.

The continued conversations between the union, administration and board of education that occurred throughout the design and implementation of ISD's merit-pay plan are consistent with those described by Potemski and Rowland (2009). Their study found the conversations between the teachers' union and Minneapolis Public School Board of Education led to a baseline level of trust between the teachers and the board of education and ultimately strengthened the compensation reform initiative that led to implementation of the program.

### **Mission.**

A second primary theme is that merit pay must be aligned with the board of education's mission statement. Five of the teachers interviewed made specific reference to ISD's mission statement throughout the interview process. Specifically, teachers referenced their continued collaboration because "it is best for students." This statement, which is directly taken from the district's mission statement, was consistent throughout the interview process. Stephens (2015) recommends districts take this one step further



and directly link merit pay to the mission statement. This may help teachers have a better understanding of the merit-pay program as well as why the board of education is implementing it. This leads us to the importance of teachers understanding the system.

### **Understanding.**

The third theme ties the importance of teachers' understanding of the merit-pay program to the successful implementation of the program. While ISD's program was successfully implemented there is anxiety and some lack of support due to teachers not having a clear understanding of the merit-pay system and the criteria for which they receive their merit pay. Pink (2009) found there is a moderate correlation between teacher understanding of the merit-pay plan and having a positive perception of merit pay. Giving teachers an opportunity to have input in the merit-pay criteria may also increase teacher understanding as well as buy-in (Stephens, 2015). Stephens (2015) recommended the Mississippi school board of education provide teachers with a survey giving them the opportunity to provide feedback on the merit-pay criteria in order to increase teachers' positive perceptions and understanding of merit pay. Gould (2015) also stated teacher support and understanding of a merit-pay program depends on the design and implementation of the program.

### **Trust between teachers.**

The fourth theme is focused on the trust between teachers. ISD teachers affirmed high trust between teachers. This was consistent throughout the interview process, although there were two teachers that mentioned they felt as if there was less collaboration and more competition. Similar results were found by Springer et. al. (2009). This study indicated 18.5 % of teachers noted an increase in competition while

80% of teachers in their study reported a duty to cooperate and work with colleagues in a collaborative manner. These results were similar to the POINT study by Springer et al. (2012). The POINT study reported higher levels of collegiality within the treatment group compared to the control group. Springer noted this was counter to the concerns mentioned by educators and policy makers that teacher incentives could have a negative effect on the collegial environment of schools (Springer et al., 2012).

### **Trust between the teachers and the principal.**

A fifth consistent theme throughout this study was the teachers' perception that the trust and positive relationship with the principal is crucial to the ongoing success of the merit-pay program. This became especially evident in Lincoln Elementary. Some of the teachers in this school experienced three new principals over the last seven years. Teachers expressed anxiety due to feeling like they had to prove themselves over and over again each time a new principal was assigned. One teacher shared the angst she felt when according to her, a previous principal said he did not believe in rating any teachers accomplished. Accomplished is the highest rating a teacher can receive in ISD resulting in the maximum three percent raise. This statement generated a lack of trust among teachers. Even though the perception of the current principal was positive and teachers consistently mentioned that the current principal at Lincoln was fair, teachers were also very guarded and unsure if this fairness would continue with a different principal. One teacher specifically stated that she had a friend who taught in another school system, and if that school system had merit pay she believed that principal would not treat the teachers fairly. Therefore merit pay would not work in that district. The perception that a principal would evaluate unfairly is supported by availability theory. The availability

theory was discussed in the theoretical framework. If an employee perceives that it is not possible to receive merit pay based on past experiences, or for goals that are too far out of reach, then the merit pay is unlikely to have an impact on motivating the employee. It is not actually if the merit pay is available, but the perception by the employee that it is available and obtainable (Hershey, Blanchard & Johnson, 2017).

### **Fairness.**

The sixth theme is fairness. Even with this trepidation evident as mentioned above, staff members at Lincoln and Washington felt the merit-pay system was fair and their current principals were fair, supportive, and had positive relationships with the teachers. This is consistent with the research on merit pay relative to fairness and objectivity. Morrison (2013) found that teachers compared to a traditional salary schedule based in education and educational attainment might perceive a benefit of teacher pay based on performance as more equitable or objective. A study by Rice and Malen (2017) confirmed this as teachers in this study stated that compensating teachers for the amount of professional development they participated in was fair, even though teachers received different levels of compensation based on the amount of professional development in which they participated. Teachers in ISD also viewed fairness of the system as a positive aspect of the merit-pay program. Teachers in ISD feel they are compensated for their hard work and for their accomplishments with students rather than working another year as one Pre-K teacher shared in her interview.

### **Motivation.**

Motivation is the seventh theme that emerged from this case study of ISD. Pink (2009) suggested motivation consists of “autonomy, mastery, and purpose”. Therefore, if teachers see increased student learning as their purpose then a merit-pay program may incentivize teachers. It was very clear the teachers of ISD are focused on increasing student learning as evidenced by their responses. Their responses were focused on ISD’s mission statement, which indicates, “Doing what is best for students is our guiding principal.” This sentiment was consistent throughout the interview process. While teachers did indicate merit pay did motivate them to improve their teaching they also indicated that meeting the needs of the students was their primary goal regardless of pay. Stephens (2015) also found the mission of the board of education could be helpful in fostering intrinsic motivation.

The process of goal setting allows teachers to set goals for their classroom aligned with district goals, and provides teachers with a level of autonomy. The professional development and critical self-reflection provides teachers with the opportunity to master pedagogy. The combinations of their written goals and self-reflection, which are collaboratively developed with the principal, provide teachers the opportunity to present evidence that impacts their evaluation and ultimately their pay. This motivates the teachers of ISD according to Pink’s definition of motivation and Vrooms Expectancy Theory, providing teachers opportunity for autonomy, mastery and purpose (Pink, 2009, Vroom, 1964).

### **Additional finding.**

Finally, an unexpected theme of this case study was the concern the teachers had relative to the work load of the principal and the effect merit pay is having on the principal to be a positive part of the overall culture and climate of the school building. This idea did not come up in the literature review and was not specifically asked about by the researcher. However, teachers felt the need to express this concern. Teachers at ISD perceive the principals are being seen as “evaluators” as opposed to the leaders of the building and someone who interacts with the staff and the students informally as well as formally. Teachers shared that access to the principals has decreased since merit pay was implemented due to the time they are in classrooms observing a teacher or behind closed doors meeting with individual teachers on goals, pre- and post- conferences, or completing the extensive required paperwork.

The researcher has been a principal for 18 years and through many conversations with teachers, community members, students and parents the importance of visibility and building relationships with stakeholders has always been a priority and expected by stakeholders. While the researcher sees the benefits of merit pay, examining the effect this system has on the principalship may be an area of future study.

### **The Value of Understanding Teachers’ Perceptions of Merit Pay**

Through a better understanding of teacher perceptions of merit pay relative to the importance of a collaborative environment, as well as the importance of a trusting relationship between the principal and the teachers, school officials, school boards of education, and scholars will be better equipped when considering moving away from the traditional salary schedule. The questions posed earlier in chapter one, “Why not just pay

teachers more?” was answered by teachers. It was evident to this researcher through the responses by the teachers at ISD that merit pay conveys a sense of pride. Several teachers commented that they felt good about not just being paid for another year of service, but because they earned the raise.

Teachers also referenced the idea that with the current climate of accountability and the reliance on property taxes funding schools, merit pay may provide a political advantage over a traditional pay system. This is more aligned with a business model due to the fact that the community may view teachers as “earning” their pay.

### **As Researcher: Both Insider and Outsider**

The next discussion is centered on the aspect that, in many ways the researcher operated as an insider and as an outsider of ISD. As the principal of the high school this researcher served as an insider. The researcher already knew many of the teachers that were interviewed and was familiar with secretaries and other support staff. The researcher has been in meetings and has even informally observed teachers throughout the years in both of these buildings. The researcher has also conducted evaluations using this merit-pay model since its inception as well as served on the negotiating team that resulted in a ratified contract reflecting merit pay. The researcher contends that this access allowed him to be aware of complexities and nuances that exist when implementing and employing a merit-pay system. Also, the researcher has served as a teacher that was paid using a traditional pay system as well as being paid as an administrator using a merit-pay system.

Conversely, the researcher acted as an outsider. The researcher was not a member of the Lincoln and Washington staffs. He was an administrator and not a teacher in ISD

and therefore not evaluated as a teacher in ISD. This researcher did spend time in these buildings before this research and during the research, however this researcher did not interact with these teachers on a daily basis. This places the researcher in the position of an outsider to the study. For the purpose of this study the researcher is in a relationship of an insider/outsider continuum (Milligan, 2014).

## **Implications**

### **Transferability of the findings.**

In reference to the setting, it is important to understand this study was a case study, and therefore localized and only to be generalized to the school district where the study was conducted (Krathwohl, 2009). As stated earlier in chapter one, this case study may be an extreme case. After interviewing teachers, the researcher found a collaborative, caring, and student-centered staff in both elementary schools. The teachers made reference to the mission statement referencing they do “what is best for students.” Collaborative, caring staffs are what many schools aspire to and some may never achieve. However, the data from interviews affirmed this to be true for ISD. While merit pay does seem to work in ISD this researcher believes it is a fragile system that could at any time become ineffective contingent mainly on the building principal. As reflected in several of the shared perceptions, “this works here but I don’t know if it could work other places.” This statement affirmed the earlier statement that the ISD may be an extreme example and school officials should be very cautious implementing a merit-pay system without, at the very minimum, having intimate knowledge of the climate and culture of their school in which they are looking to implement a merit-pay system. If the values and

beliefs of the school are not collaborative and trusting, a merit-pay system may be difficult to implement and maintain.

### **Implications for school leaders and legislators.**

ISD has been successful implementing and sustaining a merit-pay system for the last seven years. As Figure 2.0. shows, in order for this to happen a school board of education must involve all stakeholders in the development and implementation process including and most importantly teachers. The plan must be aligned with the district mission and the components of the merit system should be understood and known by all stakeholders.

First, while teachers clearly stated that they teach for the success of the students, they were also very proud and exhibited a sense of pride due to their pay being tied to their performance. Merit pay is an effective motivator for teachers in ISD; however, teachers also expressed that doing what is best for students is a priority regardless of pay. This ties directly to the mission statement of ISD that reflects this priority. Having a clear mission statement is therefore important for boards of education and school leaders to consider when implementing their version of merit pay.

Second, as reflected by the research of Springer et al. (2009) the size of the organization may be a limiting factor. The study conducted by Springer et al. found there was a significant increase in math and reading scores for schools with less than ten staff members. The idea that the size of a school and the number of employees may impact the effect merit pay has on students is something school leaders and boards of education should consider throughout the design and during implementation.



Third, the ISD teachers were consistent with their views on the importance of a positive and trusting relationship with the principal in order to have a successful merit system. This type of relationship will be impacted by the size of the organization. With a finite number of hours and days available for teachers and principals to interact, it may be a challenge for these relationships to form in schools with a large number of teachers relative to the number of administrators.

The researcher has experienced this firsthand as the principal of a high school with 150 teachers compared to a high school with 45 teachers. This researcher feels he knows his teachers much better and has built much more trust over a similar amount of time with the small high school staff. This is a topic that will be suggested in the next section as a target for future research. Consequently the researcher hypothesizes that there is an inverse relationship between a successful merit-pay program and the size of the teaching staff.

Finally, an important factor for stakeholders to consider is the number of years the principal has worked at the school and the consistency in the principal position. Lincoln Elementary had three principals since the time merit pay was implemented compared to Washington that has had the same principal for the last seven years. Washington teachers were trusting of the current principal but voiced concern that this was not always the case due to previous principals and the fact that each principal had to get to know the teachers all over again each time there was a change in leadership.

Boards of education and school leaders should take this into consideration and ensure the proper support for new principals as well as considering the stability of the schools in which merit pay is implemented. In a best case scenario merit pay would only

be implemented in schools with a positive relationship between the principal and teachers resulting in a culture of high trust, as discussed in chapter two. Milanowski, (2006), Goldhaber, DeArmond, and DeBurganmaster (2007) found the teachers' faith in the administration resulted in more support for merit pay.

### **Next steps for ISD.**

ISD could benefit from conducting a survey of the teachers to assess the understanding of the merit-pay structure. This would allow administrators and the teacher association leadership to address the misconceptions identified in this study. The idea that ISD's merit pay is tied to tests scores was a significant misconception identified by this study and is having a negative impact on some teacher's perceptions of merit pay. Using data from a survey to create a systematic process to ensure teachers have an accurate understanding of the structure of ISD's merit pay system is recommended.

### **Suggested Future Research**

Future research could involve designing a quantitative study using Figure 2.0. in chapter two to create a survey where teachers would self-report about their experiences with culture, climate, collaboration, implementation etc. to see if one component has a statistically significant effect on the success of the merit pay program to increase student learning more than others. This could help administrators and teachers become aware of what components are most critical, which could determine how resources such as money and professional development are utilized.

A second example of future research could be to design a quantitative study to determine what aspect of a successful merit program has the highest correlation to increased student learning tied to state test scores.

A third example could be a qualitative study involving the perceptions of principals on merit pay and the impact on student learning through improved instruction.

Guided questions could include:

1. Does merit pay result in improved teaching?
2. Does merit pay increase student learning?
3. Does merit pay impact the relationship the principal has with teachers?
4. Does the administrator believe in merit pay?

Another study could involve the superintendent's perceptions of merit pay. This could include superintendents that implemented a merit-pay system compared to superintendents that came into the system. Does the implementer have more ownership and buy in? Below are example questions that could be asked:

- What do boards of education think about merit pay?
- What do treasurers think about merit pay?
- From a financial standpoint does merit pay save the school board of education money or is it more expensive?
- How do teachers believe merit pay affects professional development?
- What do community members think about merit pay? Do they understand what merit pay is for teachers and do they believe it improves student learning. What is the community members' perception on teacher pay in general?

Stephens (2015) recommended future studies on motivation to better understand the monetary values that could best motivate teachers. Looking at the size of the reward and how that may or may not impact teacher motivation could be a focus of a future study.

Springer (2015) recommended future studies centered on retention and recruitment of teachers in low socioeconomic areas. Along these lines, teacher mobility as it relates to merit pay could also be an area of future research. Retaining high quality teachers in low-income areas could be a benefit to merit pay, and this research could be beneficial to those school boards of education.

A similar study conducted at ISD could be conducted at the high school to see if the perceptions of secondary teachers are different than the perceptions of elementary teachers.

Finally, teacher perceptions of merit pay in small schools with less than 500 students could be compared to merit pay at larger schools with more than 500 students to see if there is a correlation between size of the school and teacher perceptions of merit pay.

These are just a few suggestions for future studies on this topic and this researcher is looking forward to the continued development of the research on this topic.

## **Summary**

As stated earlier, merit-pay initiatives were meant to model a pay system based on performance found in the corporate sector (Malen, Murphy, & Hart, 1987). While there has been limited research regarding the effect of merit pay on student achievement, teacher morale, fairness, and motivation, research on teachers' perceptions of merit pay has been virtually absent (Jackson, Langheinrich, & Loth, 2012, Rice & Malen, 2017). The studies that have been published on teachers' perceptions are primarily related only to their perceptions regarding a school district's potential use of a merit-pay system, not its actual use. Of course, scant research on teacher perceptions after the implementation of merit pay is limited largely because most schools and teacher unions have avoided

implementing a merit-pay system (Jackson, Langheinrich, & Loth, 2012). This case study provides valuable insight and gives the teachers of ISD a voice and allowed insight into the perceptions of teachers towards merit pay after such a system has been implemented for six years. Not only has ISD had the program in place for six years, but merit pay has also survived two ratified contracts between the board of education and the teachers union.

As the research instrument, the researcher could not have completed this study without the voices of the teachers that participated in the interviews. Essentially, they were an extension of the research instrument gathering data over their careers and now sharing their experiences, thoughts and perceptions with the researcher. As mentioned in chapter one, ISD may be an extreme case. The teachers shared their passion for collaboration and for doing what is best for students, which is aligned with the ISD mission consistently throughout the interviews. They did seem to be motivated by merit pay, but also their deep sense of professionalism and passion for teaching seem to be the most significant theme. Teachers have a high level of trust with each other and with their principal, which is crucial to the success of a merit-pay program as mentioned in chapter two, illustrated in figure 2.0, and these findings are discussed relative to the literature in this chapter.

The emerging themes previously discussed will be beneficial to school boards of education, principals, policy makers and community members as they look for new and innovative ways to pay teachers. Merit pay can motivate teachers and improve student learning, however, policy makers and school leaders need to have a clear understanding of the culture and climate that exists throughout their organization. The history and

success rate of other school initiatives can also predict the success of implementing merit pay, a hybrid of merit pay, or the traditional salary schedule. There must be partnership between the teachers association and board of education based on trust. Teachers and the principal should have trust between each other and the program should be aligned with the board of education's mission statement.

In order for teachers to support the system they must be involved in the design and implementation of the program. Also, teachers must have a clear understanding of the criteria for which they are being evaluated and receiving merit pay.

Understanding of the current system was something that over the years has become hazy at best for the ISD teachers. During the implementation, there were many meetings and training opportunities for teachers and administrators. These have not occurred in recent years. Fortunately ISD has a climate and culture that is focused on doing what is best for students. Teachers have trust with each other and the principal. Collaboration is a part of the day-to-day business among these professional educators. If high trust and positive relationships with the principal did not exist, this researcher believes misunderstandings about how the system works could be much more of an issue and possibly prevent the program from succeeding.

Ultimately ISD teachers support merit pay and want it to stay in place as Figure 3.0. in chapter four shows. Teachers feel a sense of pride and feel rewarded by merit pay as opposed to getting paid for years of experience and educational attainment.

The researcher was surprised by the emerging theme that teachers are concerned for the principal position. They are concerned the principal is moving from a leadership position and symbolic leader of the building to an evaluator who is bogged down with

paperwork, however they also recognize the importance of the role of the principal in helping teachers improve instruction.

Overall teachers perceive merit pay positively. They feel it does not create competition and may at times positively affect collaboration; especially between the principal and the teachers since a part of the ISD process is for the teachers and principals to collaborate on goals.

Merit pay is successful at ISD, but as stated earlier, size may also be a factor. ISD is a relatively small, high achieving school district in a community consisting of low diversity and socioeconomically advantaged families. Researchers, policy makers, school boards, and building administrators should be very cautious before transferring ISD's results to other institutions.

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