

Summary and Analysis of Teacher Incentive Fund Draft Notice

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Background

- This is a time of significant education reform, particularly at the federal/national levels.
- Experience and evidence indicate that nothing matters more to our success than recruiting, developing, and retaining highly effective teachers and improving equitable access to them.
- Teacher and school leader effectiveness is an increasing focus of federal education policy reform efforts, as evidenced in Recovery Act programs and significant increases in FY2010 funding for teacher/leader effectiveness programs.

Teacher Incentive Fund Overview

- Teacher Incentive Fund (TIF) draft notice includes proposed provisions that would govern five-year competitive grant awards by USED beginning in FY 2010 with funds appropriated under the American Recovery and Reinvestment Act of 2009 (ARRA) (\$200M) and the regular appropriation for Fiscal Year 2010 (\$400M). A significant proportion of these funds will be used for this competition (approx. \$296M) after continuation awards and other costs of the evaluation and technical assistance are funded.
- TIF program supports efforts to develop and implement performance-based teacher and principal compensation systems (PBCSs) in high-need schools that:
 - consider student achievement gains as well as classroom evaluations that are conducted multiple times during each school year
 - provide educators with incentives to take on additional responsibilities and leadership roles
 - are developed with input of teachers and school leaders in the schools and LEAs to be served
 - include a plan for the financial sustainability of the project once the grant has expired
- Eligible applicants include local educational agencies (LEAs), including charter schools; states; and partnerships of an LEA, a state, or both with at least one non-profit organization

Two Competitions

- The notice identifies two separate competitions: the "Main TIF competition" to support implementation of PBCs and the "TIF Evaluation competition," which provides enhanced funding for an agreement to participate in the national evaluation, using a randomized controlled methodology.
- The notice does not indicate how many projects would likely be funded under each competition or how the funds would be divided between them.
- Applicants may apply for either the Main TIF competition or the TIF Evaluation competition. However, selections for TIF Evaluation grants will be made first, so those applications that are not selected as part of that competition will automatically be reviewed for funding as part of the Main TIF competition (without submitting a separate application).

Priorities

The notice proposes five priorities (absolute and competitive) for both the Main TIF competition and the TIF Evaluation competition:

- **Priority 1:** (Absolute priority) The project must provide differentiated levels of compensation for effective teachers and principals in high-need schools. In determining principal and teacher effectiveness, the LEA must give significant weight to student growth. Teacher effectiveness measures must also include observation-based assessments. Supplemental measures may also be used.
- **Priority 2:** (Absolute priority): Fiscal Sustainability of the PBCS. The application must project the costs of the PBCS, during the project period and beyond, and provide evidence of the LEA's commitment to sustaining the system and to providing an increasing share of the cost over the course of the 5-year project.
- **Priority 3:** (Absolute priority) Programmatic Sustainability of the PBCS. The application must provide evidence that the proposed PBCS is aligned with a coherent and integrated strategy, including use of data and evaluations for professional development and retention and tenure decisions.

Priorities, cont.

- **Priority 4:** (Competitive priority) Use of Value-Added Measures of Student Achievement. To meet this priority, the applicant must demonstrate the use of a value-added measure of impact on student growth as a significant factor in calculating differentiated levels of compensation. Additionally, the application must include a plan to ensure it has the capacity to implement such a model.
- **Priority 5:** (Competitive priority) Increased Recruitment and Retention of Teachers in Hard-to-Staff Subjects and Specialty Areas in High-Need Schools To meet this priority, the applicant must demonstrate that the proposed PBCS is designed to assist high-need schools to serve high-need students and retain and recruit effective teachers in hard-to-staff subjects and specialty areas.

Grant Requirements

All applicants, including applicants for the TIF Evaluation competition, must meet the following requirements:

- Describe how the proposed PBCS will provide incentives for educators to take on additional responsibilities and leadership roles.
- Provide high quality professional development, targeted to identified areas of need, to participating teachers and principals.
- Document with school-level data that all participating schools are high-need schools.
- Have five core elements of its PBCS in place, or, if not, implement a planning period of up to one year to develop the lacking core elements. These elements include:
 - A communication plan about the PBCS
 - The involvement and support of key stakeholders, including unions
 - Rigorous, transparent, and fair evaluation systems that use multiple rating categories to differentiate effectiveness, taking student achievement growth into account as a significant factor and using a classroom observation process that meets several requirements
 - A data system that can link student achievement data to teacher and principal data systems
 - A plan to ensure that teachers and principals understand the specific measures of effectiveness and to provide them with professional development to use data under these measures to improve their effectiveness

Selection Criteria

Proposed selection criteria applicable to both the Main TIF competition and the TIF Evaluation competition include:

- Need for the project, based on teaching staff and student achievement in the high-need schools proposed for the project.
- Quality of the project design, including the methodology to determine effectiveness of teachers and principals; the sufficiency of the performance awards; support for the project from teachers, principals, unions, etc.; the rigor, transparency, and fairness of the evaluation system; quality of the data system; and the high quality of professional development.
- Adequacy of support for the proposed project, including the quality of the management plan, the quality of key staff, financial support for the project from other sources; and the reasonableness of the proposed budget.
- Quality of Evaluation, as proposed by the applicant, including strong and measurable performance objectives, evaluation data, and evaluation feedback to promote continuous improvement.

The notice includes no points to weight the competitive priorities or selection criteria. Presumably, such weighting will be announced in the notice inviting applications.

Evaluation Competition Overview

- The notice proposes to implement a national evaluation of the program by selecting some grantees as participants in the evaluation, which would include more prescriptive provisions related to the design of these projects. The notice also provides for the IES evaluator to impose a specific implementation plan and, using a lottery, to select schools where teachers and principals will receive performance incentive payments and control schools that will participate in other aspects of the program but not participate in incentive payments. The notice describes two possible comparison designs that may be used in the evaluation and specifically invites public comment on them:
 - Comparison Design 1: Comparing the differentiated performance incentive component of the PBCS to participating schools with no differentiated performance incentive component. Under this design, all non-performance pay components of the PBCS, such as professional development, incentives for leadership roles and for taking on additional responsibilities, would be implemented in all schools participating in the evaluation, and the performance pay component of the PBCS would be implemented only in those schools designated by the evaluation contractor.
 - Comparison Design 2: The differentiated performance incentive component of the PBCS would be compared to participating schools with an across-the-board salary increase of an amount equivalent to the expected average payout in the differentiated performance incentive payment.

Evaluation Competition Requirements

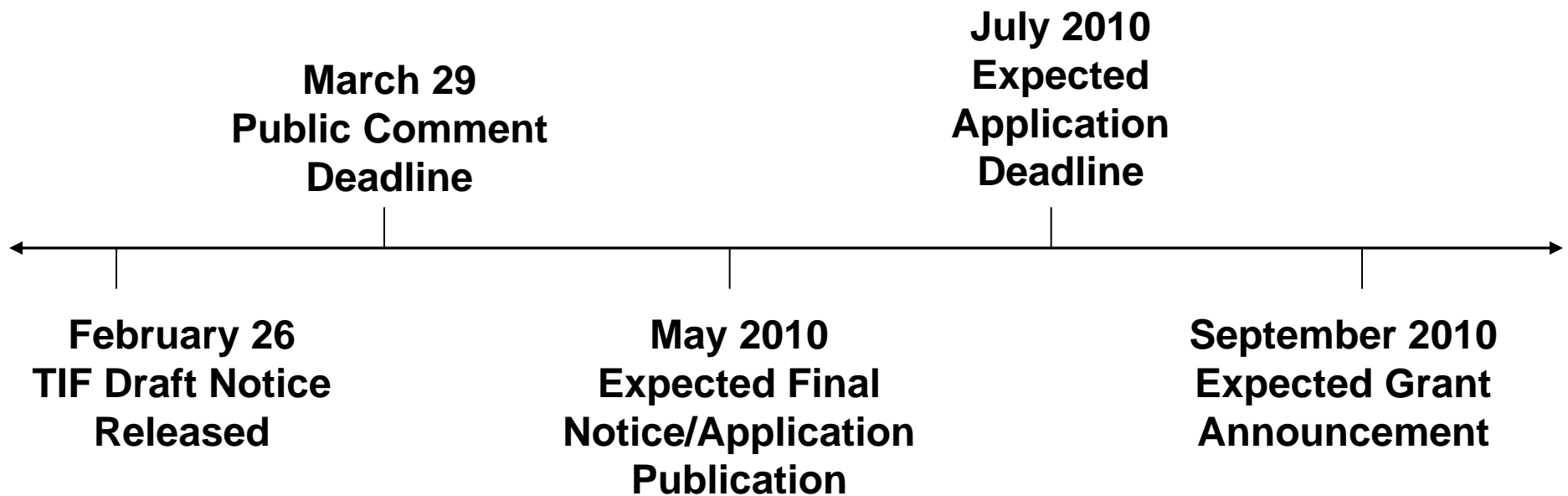
In addition to the requirements and priorities for the Main TIF competition, which would also apply to the TIF Evaluation competition, the following requirements would apply specifically to the TIF evaluation competition:

- Budget: Grantees under the TIF evaluation competition would be eligible to receive an additional \$1M to be used only for developing value-added measures of student achievement; professional development and release time for teachers to attend professional development; and salaries of academic coaches and master, mentor, or lead teachers.
- Individual or Group Incentives: The proposed PBCS must provide incentive payments to both teachers and principals, using, for teachers, either an individual-based incentive pay model that awards differentiated pay based on the performance of individual teachers or a mixed-group incentive pay model that awards differentiated pay based on group performance criteria at the grade, team, or school level (or using a mixture of group and individual performance criteria).
- Incentive Amounts: The application must demonstrate, for both teachers and principals, that the average differentiated payout is substantial (e.g., 5% of average teacher or principal salary, as applicable); that the criteria for differentiated performance incentive payments are challenging; and that there is an expectation of meaningful differences in resulting pay.

Evaluation Competition Requirements, Cont.

- Implementation of Evaluation: The application must include an agreement to work with the IES evaluator in notifying all participating schools at least 2 months prior to implementation and to implement differentiated performance in at least one LEA in accordance with the implementation plan developed by the IES evaluator. The application also must acknowledge that the IES evaluator will select, by lottery, those schools that will implement the differentiated performance incentive component and those schools that will serve as control schools (under either Comparison Design 1 or 2) within the same LEA. Control schools may not implement differentiated pay for the duration of the project.
- Matching Requirement: If Comparison Design 2 is selected, the applicant must provide from non-TIF funds 50% of the across-the-board salary increase to be implemented in the control schools.
- Scope of Schools: The applicant must demonstrate that it will implement a PBCS in 8 or more high-need schools within an LEA that have students in tested subjects (grades 3 through 8), with at least 2 schools proposed to participate in the evaluation within the same LEA within each grade configuration. Applicants that include multiple LEAs must meet this scope requirement in at least one LEA.
- Commitment to Evaluation: Letters of commitment to participate in the evaluation must be provided from designated officials.

Expected Application Timeline



Key Thoughts and Questions for Consideration

- Although many details are not addressed in the draft notice, it does not appear to make significant revisions to past TIF program purpose and scope, but, through detailed priorities and requirements, aligns with the educator effectiveness policies embedded in the Race to the Top Fund. Similarly, there is a clear emphasis on the ability of a proposal to be sustainable and cohesive, as well as plan for local implementation. The USED also seeks to drive policy further with detailed and ambitious requirements on system design in exchange for a larger reward.
- Public comments are invited and are due on March 29, 2010. In contemplating potential comments, organizations may want to consider addressing the following:
 - How should priorities be modified and/or weighted in the final RFP?
 - What changes, if any, are required to current federal funds (e.g. ESEA Title II) to assist districts and states in making PBCSs sustainable?
 - What impacts does the requirement of the student growth measure have on applicant's ability to include high schools in its proposal?
 - Should a requirement for local or state supported assessments be included as part of the PBCS core elements?
 - Do the five core elements, as currently articulated, adequately address the communications, training, and change management needs of participating schools/LEAs?
 - What if any support/activities should be required for grantees participating in the planning year?
 - Is the random selection process for school participation, described as part of the Evaluation Competition, feasible? What is needed to make it so?
 - What are reasonable grant amounts?