Merit pay: problems and possibilities

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Abstract
There has been a great deal of discussion recently concerning salary schedules for teachers based on merit pay. Effective teachers are more valuable to an educational program than ineffective teachers and deserve to be paid more for their services. But by what criteria and by whose standards should such merit be based? Can a merit pay plan be carried out objectively and fairly? If so, how? Who should evaluate a teacher for salary purposes? How many teachers in the school system should receive merit pay and how much should they be paid?
MERIT PAY:
PROBLEMS AND POSSIBILITIES

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Chapter One

INTRODUCTION

History of the Problem

The issue of merit pay for teachers has been the subject of endless debate and numerous studies over the years, causing controversy and stress within the educational community. "For over sixty years, merit pay plans have been alternately praised and condemned by school districts throughout the United States" (Poll, 1979, 3). In fact, some state legislatures even funded pilot programs involving merit pay. Some school districts have been involved in merit pay programs in the past, but with the advent of collective bargaining, have discontinued them. Still other districts currently use some form of merit incentive, while numerous districts are interested in studying in depth this issue.

The first merit pay plan in the United States was administered in the Newton, Massachusetts school system in the early 1900's. Attempts at expanding merit pay programs floundered near the time of World War I when the average salary of teachers in merit pay districts fell below those in other districts without merit pay (Love, 1970). The 1920's saw the implementation of
merit pay reach its peak with the Depression of the 1930's bringing increased inclination toward the fixed-teacher salary schedule. Remmers (1963) reported that whereas in 1938, 20 percent of the school systems of a population 30,000 or more persons had merit programs, only seven percent of similar size systems in 1957 had such programs, with half of these inoperable.

The 1950's saw a renewed interest in utilizing merit pay incentives for teachers. Since that time, there has been another decline in interest in merit pay, caused primarily by teacher dissatisfaction. A study conducted in 1968 by Wayne Kidwell found that approximately one-half of the programs in operation in 1958 were still in operation one decade later (Kidwell, 1968).

In 1970, there were no merit programs in force in school districts of over 100,000 pupils (Elseroad, 1971), and there was a striking lack of success in state-wide implementation programs, as reported by Love (1970):

A study of previous attempts at supporting merit pay on a state-wide level reveals much failure. Many state legislatures have at one time or another been interested in merit pay plans, and several have appropriated large sums of money for studies in this area. Ten states in the past twenty-five years or so have either carried out large scale experiments or studies dealing with merit pay plans, or they are contemplating doing so. Three states actually placed these plans into effect and later abandoned them after they were judged to be impractical. These states were Delaware, Florida, and New York (p. 6).
In addition, Love (1970) reported that the Alabama legislature enacted a merit pay program in 1969, but repealed it in a subsequent session before the program actually was effected. Merit programs found in Texas existed only in districts of 50,000 or less average daily attendance, and were operated on very indefinite programs (Oates, 1965).

Educators and the public are both concerned with the best utilization of teachers. With the recent attack on the public schools by the President's National Commission on Excellence in Education within their report A Nation at Risk, everyone is trying to come up with ways of solving educational problems. Merit pay has become a popular issue with much of the public as well as with many educators. If merit pay can be used to improve instruction in our schools, then we, as educators, need to look at merit pay, its advantages and disadvantages.

Statement of the Problem

There has been a great deal of discussion recently concerning salary schedules for teachers based on merit pay. Effective teachers are more valuable to an educational program than ineffective teachers and deserve to be paid more for their services. But by what criteria and by whose standards should such merit be based? Can a merit pay plan be carried out objectively and fairly? If so,
how? Who should evaluate a teacher for salary purposes? How many teachers in the school system should receive merit pay and how much should they be paid?

In all areas of human endeavor, some people are superior to others. Some people produce more than others. Those who are superior and produce more should be rewarded. The public believes that the concept of merit pay should be applied in the public schools. The majority of teachers oppose the concept of merit pay.

Many merit plans have been tried, some successful, and others, unsuccessful. There must be reasons for both success and failure.

The purpose of this paper shall be to examine, through review of professional literature, the advantages and disadvantages of merit pay. More specifically, the issues to be covered in this study are the following: 1) Advantages of Merit Pay; 2) Disadvantages of Merit Pay; 3) Why Merit Pay Programs Succeed; 4) Why Merit Pay Programs Fail; and, 5) Examples of Merit Pay Programs. Based on this review of literature, the writer will offer conclusions and suggest practical implications and recommendations for today's public schools.

Definitions of Terms

The following definitions are necessary in order to have a generally accepted meaning for the terminology
used within this research paper.

**Differentiated Pay** is any salary linked to the assumption of additional duties in a kind of "career ladder" and represents a division of labor within the cadre (English, 1984).

**Formative Evaluation** is designed to assist teachers in improving their teaching performance by aiding them in areas of needed improvement and growth (Robinson, 1984).

**Market-Sensitive Pay Scale** is any salary based on scarcity or the principle of supply and demand (English, 1984).

**Master Teacher** is a superior teacher whose performance produces excellent results (Robinson, 1983).

**Merit Pay** is the practice of paying a person according to the quality of his/her work (Templeton, 1972).

**Merit Pay Plan** is any salary schedule, whatever its plan of recognizing position, experience, and preparation, if it either authorizes or specifies salaries above the regular schedule to reward persons who have been judged to be rendering superior service (Templeton, 1972).

**Merit Rating** is a system which emphasizes such employee characteristics as intelligence, ingenuity, and personality (Flippo & Munsinger, 1975).

**Merit Schedule** is any salary schedule for classroom teachers, whatever the plan of recognizing position, experience, and preparation, if it authorizes salaries above the
regular schedule to reward teachers judged to be superior in quality of service (Bryan, 1958).

**New Style Merit Plan** is a merit pay plan based on ratings using output factors which focus on the attainment of specific goals and objectives (Bhaerman, 1973).

**Old Style Merit Plan** is a merit pay plan involving ratings based on input factors such as personal fitness, classroom management, inservice growth, professional attitude, school-community service, and public relations (Bhaerman, 1973).

**Performance Pay** is any salary linked to some kind of assessment, objective or subjective, of teacher achievement in the classroom (English, 1984).

**Performance Rating** is a rating based on such characteristics as an employee's quantity and quality of work and the responsibilities the employee assumes (Flippo & Munsinger, 1975).

**Summative Evaluation** is an evaluation designed to make some type of decision regarding teachers such as retention, promotion, transfer, or salary adjustments (Robinson, 1984).

**Superior Teacher** is one whose productivity has been judged to be outstanding (Robinson, 1983).

**Teacher Effectiveness in the Classroom** refers to the teacher's ability to produce desirable growth in students (Bryan, 1958).
Teacher Merit refers to a teacher's effectiveness in the classroom and to his/her worth outside the classroom as a member of the staff and community (Bryan, 1958).
Chapter Two

REVIEW OF RELATED LITERATURE

Advantages of Merit Pay

Proponents and opponents of merit pay for teachers have been debating their respective positions for over 70 years. During this time, literature on merit pay has been abundant with discussions on the advantages and disadvantages of merit teacher pay.

The Department of Research for the San Diego City Schools outlined the following arguments in 1953 in favor of merit salary programs:

1) Teachers should be paid what they are worth and at the same time known to be worth it.

2) The principle of merit schemes is not only sound but also logical; it should become the basis for teacher pay.

3) There should be added incentive for better work through merit salary increments; such increments produce better teaching.

4) The public is interested in receiving dividends for money spent, so merit programs will make the public more willing to support higher salaries.

5) Merit programs will tend to draw and hold superior teachers in the profession, since they will have an opportunity to gain even better salaries if they are able.
6) Merit programs develop a demand for high quality work, which will produce a higher quality of teaching.

7) There is no greater inequality than the equal treatment of unequals, and the present basis of pay perpetuates this inequality.

8) Our present system gives security to teachers on the lower side of the efficiency scale, whereas we should give security to those at the other end of the scale.

9) Industry has used this merit or bonus incentive with good results, so we should be able to adapt this business-like quality to our schools (p. 4-6).

The Merit Pay Study Committee of the Iowa Education Association (1970) listed a digest of advantages relating to merit pay programs, based on a 1968 research bulletin by the Illinois Education Association and issues common in Iowa at that time. The arguments in favor of merit pay may be summarized into the following ten points:

1) Teachers differ in their ability and efficiency; salaries should be related to these differences.

2) Merit increments provide an incentive and a reward for superior service.

3) If we can rate for promotion and tenure, we can rate for salaries.

4) Industry uses merit rating: Education can do the same.

5) The public is willing to pay high salaries to those who deserve them.

6) Only through merit rating can teachers attain professional status.

7) Merit rating will improve instruction.
8) Merit rating will reward those who deserve recognition.

9) Merit rating will stimulate administrators to be more concerned with the efficiency of their teachers.

10) Merit rating will be well worth the extra cost, for it will insure that money is being wisely spent (McDowell, 1973, 15).

One objection to the use of pupil achievement data as a factor in determining the financial compensation of teachers has been the wide variation in the classroom mix of pupils in terms of their abilities and backgrounds. However, Robinson (1984) states that computer technology now makes it practical to take into account student characteristics when analyzing test results. Many school districts have developed student profile data and are using this information for diagnostic purposes in improving student instruction. A few districts have begun to use such data to predict the learning expectancy of groups of students and to apply these data in conjunction with test results to assess and to reward teachers for increasing student learning.

Another objection to the use of pupil test results in determining the financial compensation of teachers has been the inability of tests to measure student learning accurately. Here again Robinson (1984) maintains that many school districts have developed criterion or objective-referenced tests that measure student progress toward
specific learning objectives established by the individual school district.

Still another objection to the use of student achievement data in incentive pay plans for teachers is that teachers might teach to the tests. The problem is that teachers are required to teach certain learning objectives but the standardized aptitude tests used measure other types of learning. Good testing practices call for the teacher to teach for the test and to test for what was taught. This is the fundamental purpose and function of objective-referenced tests—to measure what was taught. A close and positive relationship between teaching objectives and testing measures is fundamental to the valid assessment of pupil learning and is basic to the fair and objective measurement of the educational productivity of teachers (Robinson, 1984).

A major advantage of the educational productivity approach is that incentives to increase student learning can be applied on a group basis as well as an individual basis. Robinson (1984) indicated that when incentives to increase student learning are provided on a group basis—such as the faculty of a specific school to increase its productivity—the incentives can sometimes be more effective than when provided only on an individual teacher basis. Group incentives can help promote cooperative efforts among teachers. They can focus teamwork on achieving shared
learning objectives or overcoming specific learning difficulties, and thereby result in greater teacher satisfaction and increased student learning.

From studying the merit pay program in Ladue, Missouri, McKenna (1973) gives these advantages:

1) Teacher-principal communication is improved.

2) Salaries are more competitive.

3) Such a program encourages teachers to assess their own work.

4) Teachers know they are compensated for a job well done.

5) Teachers are evaluated and compensated as individuals on criteria other than tenure and training (p. 70).

Cramer (1983) stated, after studying several successful merit pay plans, that a merit plan won't get teachers rich, but it will give them a chance to shoot for higher goals and to be rewarded for their performance. Test scores also have improved and parents are happy with the schools due to this increased test achievement.

Merit pay is consistent with the tenets of free enterprise. Teachers, like other individuals in our society, should have the opportunity to achieve to their highest potential and to be rewarded for their accomplishments. The single salary scale, which is used by most local districts, rewards teachers for their graduate coursework completed and longevity, but not for their instructional
effectiveness. Performance-based pay systems would identify teachers who achieve outstanding success in their work and compensate them for their extra effort and productivity. Teachers who do not excel would be indirectly penalized by receiving only their base salaries. Advocates of merit pay regard this as a just distribution of rewards.

Merit pay could stimulate teachers to be critical of their own work and could promote healthy competition. Teacher tenure and the single salary scale guarantee security but do not promote teachers' ongoing assessment of their work. The opportunity to win merit increases could encourage teachers to improve their performance. Because teachers would be aware that competitive pay systems reward only selected teachers, they would be attentive to the accomplishments of their colleagues and would themselves strive to excel.

Taxpayers could more willingly support public education possibly, if teachers were paid according to their performance. The public is regularly confronted with evidence of the schools' failings—declining test scores, vandalism and violence, and declining teacher qualifications. Yet school costs continue to rise, often as enrollments decline. When taxpayers are asked to support school levies, they often argue that they are being asked to pay more for mediocre and unsatisfactory services. As the Gallup Poll indicates, the public believes that one of the basic
problems of schooling is the low quality of teachers. If merit pay were instituted and teachers were paid for what they produced, citizens might more readily accept tax increases. More rigorous efforts by educators to increase productivity, demonstrating that they are frugal with the tax dollar, could be rewarded by increased public support (Johnson, 1984).

Disadvantages of Merit Pay

Supporters of merit pay programs often base their proposals on management by objectives borrowed from business and industry. Humanist critics respond that such management methods are misapplied in education. Teaching and learning remain open and uncertain due to the dilemma that what counts in education cannot be easily specified or quantified.

The San Diego City Schools, Department of Research (1953) outlined the following arguments against merit salary programs:

1) Over a period of time, all programs tried have proven unsuccessful.

2) Thus far, it has not been possible to measure teacher competence accurately; likewise, it is difficult to judge equal or significant merit.

3) Morale, working relationships, and other psychological problems are too complex for simple answers; merit programs develop attitudes that are negative and competitive when they should be positive and cooperative.
4) Merit regulations too frequently stereotype the teacher to standards and discourage creative thinking.

5) It is more important that the general level of teaching be raised than that a few be rewarded; in-service education programs get far better results than merit or bonus programs (p. 5).

The Merit Pay Study Committee of the Iowa Education Association (1970) listed these disadvantages relating to merit pay programs, based on a 1968 research bulletin by the Illinois Education Association and issues in Iowa at that time:

1) No consistent, reliable, valid method of evaluating teacher performance has been discovered.

2) Evidences of excellent teaching often are not immediately apparent nor measurable.

3) Emphasis should be on helping all teachers to become better rather than rewarding or punishing a few.

4) Merit pay reduces staff morale and increases worry, nervous tension, and insecurity, especially at rating periods. It may also isolate administrators from teachers.

5) Merit rating discourages creative or experimental teaching and thereby tends to standardize teachers rather than promote excellence. Teachers will not feel free to question administrative judgements and decisions under such a program.

6) Public relations will be poor and class scheduling made difficult since many parents will not want their children taught by a non-merit teacher (p. 17).
The difficulties with merit pay have been accurately summarized by Remmers (1963) when he wrote "...The notion that superior teacher effectiveness should be rewarded by higher pay seems on its face to be eminently sensible. The problem is, of course, that no generally acceptable method of measuring merit is available" (p. 366). Further research has reaffirmed the truth in that statement. Remmers (1963), Bhaerman (1973), and McKenna (1973) listed as the two main drawbacks to merit pay plans the lack of objectivity in evaluation and the fear of teacher competition and increased tensions rather than cooperation. To these Remmer (1963) adds the fear of favoritism, lowered morale of those "passed over" and the inability of teachers to make a self-assessment of their effectiveness (a general tendency of all to rate self as "average").

For each statement listed earlier in favor of merit pay, McDowell (1973) voiced an opposing view. These statements are as follows:

1) Merit rating destroys cooperative staff teamwork.

2) Industry and education are not analogous; teaching is an art.

3) We should seek to improve all teachers, not merely to reward those who appear to excel.

4) Merit rating may improve the efficiency of some teachers, but will have an adverse effect on many others.
5) Merit rating will cause bitterness and disillusionment.

6) The additional cost of merit rating can be used more profitably in improving the efficiency of the entire staff (p. 17).

McDowell (1973) stated earlier that a merit pay plan would be costly. With the increased criticism of public education within the United States has been an outcry for increased infusions of new money for education. The request for new money first began in early 1983 when the U.S. still showed no signs of recovering from one of the deepest and most prolonged recessions in its history. Indeed, funding for education had dropped in each successive year since 1980 and most experts on education finance had been suggesting that steady funding for education in the 1980's was an optimistic forecast (Odden, 1984).

In another report by Kohut and Wright (1984), a Master Teacher Program was being tested in Tennessee. This program had four career stages: Apprentice teacher; Professional teacher; Senior teacher; and, Master teacher. After following many of the current guidelines for successful merit pay programs, the cost to the state would be approximately $116 million per year.

The disadvantages of merit pay according to Nickerson (1984) are that the person who determines the merit is always suspect as to his/her objectivity and fairness in determining the merit salaries of the employees. Also
whereas merit pay is intended to provide motivation, it, in fact, has the opposite effect.

Through much research Bhaerman (1983) expressed the opinion that there are too many unresolved practical and philosophical problems involved for a merit pay plan to be successful at this time and recommended efforts to improve ways of effectively evaluating professional personnel at all levels and relating these tools to policies that will help improve the general quality of teaching.

McIntyre (1984) thinks a merit pay plan is not the answer. His reasons for this are:

1) There is usually a lot of teacher resentment and bitterness that can be very counterproductive.

2) The raises are seldom large enough to produce any conceivable benefits.

3) Even when judgmental rating scales are used merely to provide feedback to teachers, without any reference to merit pay, those teachers who do not get the top ratings tend to be upset about it.

4) There has been no evidence that says merit pay systems are impressively successful in other fields. Furthermore, they don't exist universally in these other fields, as we are led to believe (p. 103).

There is no agreement about what good teaching is or how to measure it. Despite many years of research, educators have not determined what constitutes effective teaching. Studies of teacher characteristics have revealed few
correlates of effective instruction. Of all the characteristics studied, verbal ability alone appears to be significantly related to student outcomes, a finding that many regard as self-evident. Nor have studies of instructional techniques yielded more definite answers. While all teachers must be able to do certain things—plan lessons, keep order, maintain momentum, ask questions, monitor student progress—debate persists about the best way to do these things. Moreover, it is the administrator's judgement rather than some unerrning gauge that measures a teacher's effectiveness. Until objective measures of teaching effectiveness are available, pay differentials cannot truly be performance-based.

Most merit pay plans are supported by an evaluation system that is inherently unreliable and potentially inequitable. Teachers working in different buildings and being evaluated by different administrators often compete for a limited number of merit pay rewards. Because the principals in various schools inevitably have different expectations and values, teachers are assessed by different standards. Some evaluators are tougher than others; some stress discipline, others emphasize discovery learning. A teacher judged to be outstanding by one principal might be considered deficient by another. Because written evaluations may not be comparable from school to school, it would be difficult to award merit pay competitively.
Because teacher evaluations are subjective, their substance seldom can be refuted. Few evaluation forms in use require specific data to substantiate either positive or negative judgements. Believing that favoritism and patronage are common in public education, teachers who oppose merit pay warn about its potential for administrative abuse and argue that although single salary scales may not reward outstanding teachers, they also cannot be manipulated.

Merit pay plans could interfere with effective supervision and encourage conformity rather than growth. Effective supervision provides a structured opportunity for administrators to improve instruction. However, for the process to work effectively, teachers must be candid about their problems, open to criticism and ready to take risks and make changes. This is possible in non-threatening contexts; but when teachers are being judged and paid competitively on the basis of classroom observations, the professional growth benefits of supervision are lost. Teachers become more cautious about revealing their weaknesses and are more reluctant to change. Instead, teachers search for their evaluators' particular preferences and conform to them. In some cases, this conformity might improve teaching, but it might simply perpetuate poor performances.
Merit pay plans also have not proven to be cost-effective. One of the greatest attractions of merit pay is the promise that there will be major gains on a small investment. In fact, many believe that merit pay might actually save money by redistributing the current salaries of teachers. However, there is evidence that incentive pay plans increase salary costs with no guarantee of instructional improvement. In addition, there are substantial administrative costs associated with merit pay if it is to be instituted responsibly. Administrators must be trained to observe and evaluate staff, which costs both time and money. They must spend considerable time on classroom observations and teacher conferences. The time spent administering a merit pay plan means time lost to curriculum development or inservice training. The costs may not be worth the investment.

It has also been proposed that competitive pay undermines teacher morale and compromises collegiality. Merit pay plans are potentially destructive. If teachers are competing for scarce rewards, they will be less trusting and less likely to share their ideas and materials with colleagues. In schools where teachers disagree with the evaluative criteria or distrust evaluators, cynicism and bitterness may prevail. Cooperation and a sense of shared purpose among staff are important in making a school work well. If merit pay incentives encourage teachers to work
on their own behalf rather than on the behalf of the whole school, students of exemplary teachers may profit at the expense of the students in other classrooms. The quality of curriculum development, building supervision, and in-service training may all be diminished by merit pay plans that stress the accomplishments of the individual over the accomplishments of the group.

Merit pay rewards a few teachers but does not raise the general level of teaching. There is no evidence that merit pay will ultimately improve schools. It is assumed that all teachers will be motivated to work for merit increases; but, even if they do, it may be that no teacher's performance will be substantially improved. Rather, the outstanding teachers will continue to succeed as they always have and the average or below average teachers, who regard merit pay as unattainable, may even reduce their efforts in discouragement. If the problems of the teaching profession are as serious and pervasive as the critics and Commission studies conclude, then a systematic, thorough approach to improving teaching is necessary, one that directly addresses the problems of average and poor teachers. Merit pay is not such an approach. Identifying good teaching may be an important element of efforts to improve the profession, but it is insufficient in itself and may prove to be counterproductive (Johnson, 1984).
Why Merit Pay Programs Succeed

McDowell (1975) listed the following conditions which should be met in order to assure a successful merit pay program:

1) The primary purpose must be to improve instruction, not merely to penalize unsatisfactory teaching or to require uniformity in teaching methods.

2) There must be acceptance of the plan by the teachers, the administration, and the school board members.

3) All policy-making and administrative actions must be in harmony with the merit principle (attract and retain the best teachers; reward only the most efficient teachers).

4) Teachers should participate in developing the plan, and there should be almost universal agreement on the criteria for measuring teacher performance.

5) Ample research and planning must precede the implementation of the plan (must be adapted to suit local conditions of the district).

6) The district should plan to make merit increments available to all teachers who meet the prescribed standards (no quotas).

7) The policy should be evaluated periodically. It must be dynamic and experimental and should not be inflexible or static (p. 18).

To rush into a hastily constructed plan without giving proper attention to a school district's state of readiness, its financial resources, and to the importance of developing fundamental operational concepts and structures only
increases the chances of failure and of reinforcing the belief that incentive pay for teachers is unworkable.

Robinson (1984) concedes that the lessons learned from past and present experiences contain developmental steps, procedures, and certain criteria necessary for implementing and operating successful merit pay plans for teachers. These include:

1) Effective evaluation procedures, including formulative evaluations to improve all teachers as well as summative evaluations to identify and reward superior teachers.

2) Competent teacher corps.

3) Adequate basic salary level that is professionally competitive and market-sensitive.

4) Well-defined educational objectives.

5) Effective student assessment measures.

6) Management commitment.

7) Staff involvement in program development.

8) Assessment measures objectively and consistently applied.

9) Available to all who qualify.

10) Continuous review of plan.

11) Promotes increased learning (p. 16).

Research indicates that merit pay plans for teachers should be tailored to the particular needs, resources, and readiness of school districts. Such merit pay plans would appear to hold the greatest possibilities for success.
Barber and Klem (1983) suggest that a careful program design can help alleviate the negative effects of earlier merit pay systems. For example, rewards can be made on the basis of group effort or individual contracts can motivate teachers to compete against their own goals, not against their colleagues. Sufficient attention on the merit pay issue should be given to the fact that there exists no statewide plans and that existing plans are usually in small, wealthy, suburban districts close to colleges (Love, 1970 & Bhaerman, 1973). Though it is not reported in literature, perhaps such districts share values common enough to permit a cohesive philosophy and mutual understanding. Merit programs should entail a great deal of planning and decision-making (Carpenter, 1959).

Why Merit Pay Programs Fail

There is considerable evidence to show that merit pay plans in different school systems and at different times frequently have failed for a number of the same reasons. In the Report of Special Committee on Merit Payments (1957), which was authorized by the New York House of Delegates, the biggest single problem associated with merit pay plans was found to be the detrimental effect they had on teacher morale. The Committee noted:

Frequent evaluation, fear of losing salary increments, and the granting of increases to but a few teachers easily can impair the morale of a group,
especially if it does not agree with the basis for the judgements or the choice of the recipients. A practice which lowers the morale of the total group is not promoting teacher effectiveness... (p. 44).

The failure of merit pay programs according to Bruno and Nottingham (1974) lies chiefly with poor design of the plans, where reward is given to individual teachers instead of to groups of teachers. They argue instead for the use of a "profit sharing" incentive scheme based on collegial, rather than individual performance. Incentives would be weighted toward those students most difficult to teach, but teachers would not be penalized for teaching students who are easier to teach. Incentives then would be set according to a nonlinear curve based on a percent of students reaching a specific instructional goal.

In a 1973 evaluation and merit pay clinic sponsored by the New York State School Board Association, Rhodes (1973) observed that all too often school boards take an overly simplistic approach to implementing a merit pay program.

As an example, in a school district in Oregon, a school board member recently moved in a public meeting that a merit pay plan for teachers be established. The motion carried and a further motion was made that $20,000 be included in the budget to implement this system of recognizing "teacher excellence." This amount, averaging $45 per teacher, was thus appropriated out of thin air, as it were, with no real consideration for whether it was an appropriate or adequate
School boards have done this time after time, trusting that their administrators could somehow come up with the mechanism to make it work, and since the administrators usually could not, the plans were doomed to failure by being created out of inadequate planning and study (p. 3).

Rhodes (1973) also described six basic flaws common to unsuccessful merit pay programs. These common flaws include:

1) Artificial cutoffs on the number who could receive merit recognition. This sometimes arbitrarily denies recognition to deserving teachers.

2) Poor evaluators.

3) Lack of clearly understood goals.

4) Lack of clear definition of the job. Good job descriptions are an important part of a good merit plan.

5) Lack of an effective evaluation instrument. Many teacher evaluation instruments are too simple in their structure and invite a subjective approach, which naturally breeds concern among teachers.

6) Inadequate financial incentive. A merit stipend which represents only a small increment beyond that which one would normally receive for minimum performance is not geared to stimulate or give real recognition to teachers.

According to Robinson (1983), the 239 school districts that once had a merit pay plan for teachers and later abandoned it, gave the following reasons for discontinuing merit pay:
1) Forty percent of the districts had administrative problems.

2) Thirty-eight percent of the districts had personnel problems.

3) Eighteen percent of the districts had collective bargaining end their merit pay plan.

4) Seventeen percent of the districts had financial problems.

5) Six percent gave other problems as a reason for abandoning their merit pay plan (p. 18).

A further analysis of the accumulated research over three-quarters of a century shows the following reasons why merit pay plans for teachers have failed:

1) Evaluation procedures unsatisfactory.

2) Created administrative problems.

3) Created staff dissension.

4) Artificial cutoffs restrictive.

5) Inadequate financial incentive.

6) Initiated without consent of teachers.

7) Lack of definition of superior results.

8) Inability to measure results (Robinson, 1984, 20).

According to Robinson (1984), these reasons for past failure of merit pay plans should be helpful in examining current plans and in developing new proposals.
Examples of Merit Pay Programs

Although there are many variations in local merit pay plans, Johnson (1984) noted that most are similar in three aspects. First, merit is used to determine only a part of the teacher's pay, with salary increments typically being added to a guaranteed base. Occasional plans permit school administrators to withhold or reduce a teacher's annual increment for unsatisfactory work, but the base salary remains intact.

Secondly, merit is usually only one factor used to determine salary increments. In most cases, year of service, earned degrees, or completed graduate courses continue to determine more of a teacher's annual increment than does any performance assessment.

Finally, in virtually all merit pay plans, decisions about a teacher's worth are based on systematic performance appraisals. Teachers do not participate in confidential one-to-one negotiations about salary raises as many college faculty or industrial managers do. Rather, the process and criteria by which deserving teachers are identified are publically specified, often having been established through collective bargaining. Typically, decisions are based on observations of classroom performance that culminate in a written evaluation. In some cases, student test scores rather than performance appraisals, determine the pay differentials.
The Ladue (Missouri) schools have maintained a teacher merit pay program to improve instruction and reward excellence for over twenty years. Evaluation determines a teacher's placement on one of three salary schedules and their receipt of variable salary increments. Ladue principals evaluate their teachers according to Board guidelines developed by a committee of teachers and administrators. The guidelines break down into three major areas: 1) personal qualities, which includes basic character, mental and physical health, and interpersonal relationships; 2) preparation and growth, which includes advanced study, travel, related work outside teaching, and participation in professional organizations; and, 3) quality of teaching, which includes classroom management and effectiveness, instructional planning, evaluation, responsiveness to student needs, contribution to school climate, and cooperation with staff. This district emphasizes continuous evaluation; conferences, particularly pre- and post-observation conferences, form a major part of the process.

Whereas many merit plans have failed, McKenna (1973) notes that both staff and community judge the Ladue program a success. McKenna, Ladue superintendent, believes that teacher participation in its design and ongoing evaluation have contributed to this success. Also important have been an emphasis on teacher self-evaluation and teacher-principal communication and planning.
In the Houston (Texas) public schools, a shortage of mathematics, science, bilingual, and special education teachers has led to the Second Mile Plan, an incentive pay plan for teachers. The purpose of the plan is to recognize and reward classroom teachers who, on their own initiative, go beyond the minimum requirements to meet the instructional needs of their students. The plan provides financial incentives—over and above the teachers' normal salary—for teachers to accept the additional challenges of teaching in curriculum areas or campus locations where critical shortages exist. To earn a bonus, teachers must meet specific minimum requirements and then apply for each stipend. The employee may then qualify for a bonus in one of six categories: 1) High-priority location; 2) Critical staff shortage; 3) Outstanding teacher attendance; 4) Professional growth; 5) Outstanding educational progress; and, 6) Unique campus assignment.

Reactions to the program have been mixed. The three teacher organizations that represent Houston teachers oppose the plan. There were, however, many positive results as well. The two most easily identifiable were improved academic achievement and decreased teacher absenteeism.

The Kalamazoo (Michigan) merit pay plan just did not work. This plan was destined to fail from the very beginning. The program's demise may have been caused by the
speed with which it was launched. This plan was so unusual because it came such a long way in so few months, where other programs have taken years to implement. Neither its plot nor its pace was modeled on any other merit plan. Their goals were not clear and their evaluation process became so bogged down that it eventually was meaningless. The achievement tests that were the heart of the performance rating for both teachers and administrators were dropped also.
Chapter Three

CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS

Conclusions

Merit pay has gained sudden national attention but it is not a new idea. Merit pay plans were popular during two prior periods of school reform marked by widespread concern about the international standing of the United States, after World War I and during the late 1950's and early 1960's, after the Russians launched Sputnik. The current national focus on schooling is precipitated by concern for the country's international standing, this time its economic position relative to Japan and other industrialized countries. The demands for greater productivity, accountability, and performance-based pay are reminiscent of the previous reform periods.

Of course, most of these programs have failed. The Educational Research Service surveyed 239 districts in 1979 and found that merit pay plans had been discontinued for a wide range of reasons--administrative, personnel, collective bargaining, and financial (Porwell, 1979). Some districts abandoned the plans when teachers opposed them or administrators decided that they destroyed morale and caused dissension. Others were dropped because of
difficulties in applying the criteria fairly when evaluating staff. Some districts found that the plans did not improve teaching performance, while others decided that the purpose of their plans had been compromised when virtually all teachers received merit increases. Many plans were abandoned at the negotiating table, while some were discontinued when new administrators found them incompatible with their philosophies. The Educational Research Service sponsored a study conducted by Calhoun and Protheroe (1983) which confirmed these findings.

The responses of these districts suggest that merit pay is a fragile policy, requiring careful planning and tending. Careful planning is the key and this writer thinks a merit pay plan can work if there is a plan. The NASSP policy statement on merit pay which was issued on August 9, 1983, and was supported by many other experts in the area of merit pay, provided some important guidelines for school systems to follow in weighing merit pay plans for teachers.

1) Plans should be flexible so that changes can be made when needed.

2) Since the evaluation component in any incentive plan is so important, great care and effort should be extended to the training and equipping of those who will serve in the directing and evaluating roles.

3) The size of incentive awards should be sufficient to motivate interest and participation.
4) No plan is likely to be successful unless those who will be participants in the process are reasonably amenable to it and believe it will be a means to improve the quality of instruction and educational services (p. 88).

Johnson (1984) also stated that in order to win teacher acceptance, merit pay plans must be securely financed with performance-based incentives added to competitive salaries. Strong administrative commitment also seems to be a key factor to their survival. Two of the longest lasting performance-based pay plans (Ladue, Missouri and San Marino, California) were administered throughout their duration by superintendents who resolutely supported the principles of merit pay.

The guidelines stated, if followed, can help provide any school district with a good sound merit pay plan. The experiences from the past should provide educators with lessons for today.

Another possible way in which a merit pay plan could be implemented and succeed would be to transfer merit pay from individual teachers to instructional teams. This plan was proposed by Bruno and Nottingham (1974). This tends to encourage more colleague interaction, functional specialization, and encourages collegial pressure to get poor teachers to perform.

Meyer (1975) stated that "merit pay" or "pay for performance" as a basis for compensating employees is:
...widely accepted as a sound management practice. In fact, the principle of merit pay is so logical that it seems almost ludicrous to criticize it. If two people are hired to perform the same job and one performs at a substantially higher level than the other, surely he should be paid more for his superior contribution (p. 39).

If merit pay is so logical than it must be used. There have been many unsuccessful merit pay plans, and not so many successful plans. But there have been some successful merit pay plans. This means merit pay can work. It is always easier to fail than to succeed. If a school district or even the general public wants a merit pay plan to work for them, they must be willing to pay the price by not only following the guidelines presented earlier, but also by providing adequate financial support.

Implications

A number of factors increase the likelihood that many school districts will adopt merit pay plans in the next several years. First, there is widespread political pressure for greater accountability in schools. From the U.S. Department of Education to local school boards across the country, elected and appointed officials are insisting that new funds for education be tied to differential rewards for teachers. Some officials, persuaded by such arguments, will devise new ways of adapting merit pay to public schools. Other districts will adopt small merit pay bonus plans as
symbolic gestures to their communities. However, there is not only political pressure for merit pay from outside the schools. There is growing support from within education itself as well. Both teachers and union leadership have moderated their opposition to merit pay. Rist (1983) reported that a "...clear majority--62.7 percent--of teachers responding (to a nationwide poll) agree that teachers should be paid according to how well they perform in the classroom" (p. 26).

Most importantly, however, is the claim that merit pay is expected to improve instruction. This writer feels it can only improve instruction if the quality of instructors improve. The quality of instructors will only improve when the teaching profession's salaries are comparable to other professionals. Then and only then, will education be able to draw the quality individual who will be able to improve the quality of instruction within the classroom.

With the current financial support by the U.S. government, the implications for merit pay are dim. According to McDowell (1973), the introduction of a merit plan may cost a school district an additional 18 percent of the payroll. Local schools are faced with declining enrollments and the corresponding budgetary cuts, which will make the implementation of merit pay plans extremely difficult. Johnson (1984) stated it best in saying, "The wisdom of
merit pay is not self-evident; its procedures are not self-perpetuating; its survival is not assured" (p. 41).
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