

# ALTERNATIVE COMPENSATION: EXPLORING TEACHER PAY REFORM IN COLORADO

BY SAMANTHA LONG, CEPA

## The Importance of Alternative Compensation Reform

Having a quality teacher in the classroom is the most powerful influence on student success. With excellent educators, adequate resources and effective support, Colorado will meet Governor Ritter's goals of decreasing drop-outs, closing the achievement gaps and increasing achievement for all students. Recruiting, hiring, retaining and supporting quality educators are the key determinates of whether Colorado can meet its educational challenges.<sup>1</sup>

Under the current salary structure ("single salary schedule") teacher pay is determined by a combination of college credits, degrees and years of experience. Compensation that is competitive with the existing labor market and that rewards skills, knowledge and performance offers the opportunity for meaningful change: it forces policymakers and practitioners to identify and support what is important for improving student success, and can give teachers more control over their career and compensation. Compensation reform is not a silver bullet. However, as part of an overall focus on teacher quality, it holds the potential to improve the existing teacher workforce and draw the most talented of college graduates into education.

Reforming teacher pay is a long-term, challenging process. The best results occur when policymakers and teachers work together to reform the compensation system. Few districts have been able to successfully implement and maintain alternative compensation systems. Colorado districts are among the nation's leaders in this innovation. Douglas County has one of the longest running alternative compensation systems in the nation. Eagle County has one the most innovative systems, while Denver Public Schools' ProComp plan embodies significant innovations developed in a large district with union participation in the system's development. This white paper draws from presentations made by representatives (including teachers) of Colorado districts that have changed their compensation systems and national compensation researchers at a Center for Education Policy Analysis and Colorado Children's Campaign event held on March 14, 2008. The panel included: *Jason Glass, Director of Human Resources for Eagle County Schools; Dan Goldhaber, education policy expert with the Center on Reinventing Public Education and the Urban Institute; Rob Gould, special education teacher with the Denver Classroom Teachers Association; Beverly Ingle, President of the Colorado Education Association; Brenda Smith, President of the Douglas County Federation of Teachers; and Paul Teske, compensation expert and Dean of the School of Public Affairs at the University of Colorado Denver.* The views presented here are those of the Center for Education Policy Analysis (CEPA) and the Colorado Children's Campaign. To receive a copy of those presentations, contact Robert Reichardt at [robert.reichardt@ucdenver.edu](mailto:robert.reichardt@ucdenver.edu).

## What is Alternative Compensation?

"Alternative compensation" encompasses a multitude of strategies for paying education employees in a way that differs from the traditional single salary schedule. Most generally, it involves making determinations about which components within the compensation system support the district's goals. Possible components of an alternative compensation system include:

- Skills, knowledge and/or professional learning
- Market differentials
- Wage premiums for working in hard-to-staff schools
- Student assessment scores
- Educator evaluation scores
- Additional duties and/or workload



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<sup>1</sup> Findings from the P-20 Educator Subcommittee: Teacher Compensation and Evaluation

## The State's Role

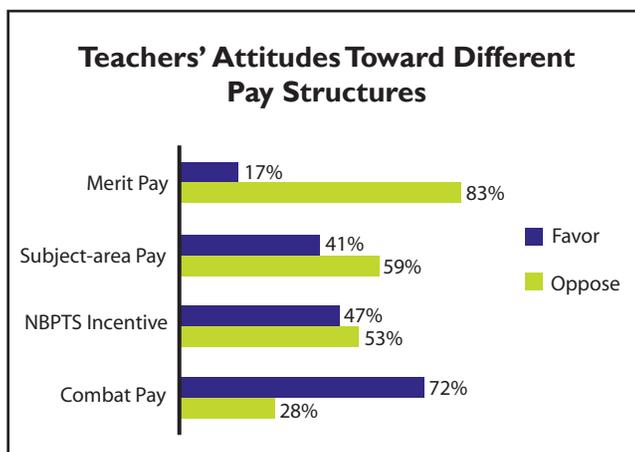
Teacher pay reform is much more likely to be successful with significant state-level involvement. According to Paul Teske, the state should not impose any particular system but should create the conditions to help local systems be successful as they develop compensation systems that meet local needs. It should be responsible for assisting and facilitating the common work of districts developing their own systems, including:

- Identifying what skills or performance districts should reward with additional compensation
- Developing measures of skills or performance to be rewarded
- Developing data systems for implementing new compensation systems
- Forecasting the long-term expenses of alternative compensation systems and how to pay for those costs
- Developing communication tools to inform teachers and the public about the new compensation systems
- Aligning human resources systems, curriculum and professional development structures with the pay structure
- Evaluating and learning from existing and new compensation systems to identify both positive and negative lessons for practitioners



## Issues to Consider

Historically, the single salary schedule has been utilized because it provides a transparent and predictable way to pay teachers. It is perceived as promoting equality in compensation, while rewarding knowledge and experience. Beverly Ingle stressed that where a number of districts have experimented with alternative compensation systems in the past, many have failed because there was not enough money to cover costs, plans were not based on measureable elements or rewards were perceived as subjective. Additionally, as opposed to the traditional schedule, alternative compensation carries a level of uncertainty among teachers and can create additional burdens to teacher time.



Source: Goldhaber, DeArmond and DeBurgomaster (2007)

For these reasons, it is crucial that any reform to teacher pay involve a high degree of education, collaboration and communication between the district and the teachers. Of teachers who have had experience with alternative compensation systems, Brenda Smith found that holding greater control of their own professional growth, including multiple pathways for additional compensation, and having significant input in developing meaningful school/district goals are reported to be the most appealing benefits. While studies have shown that, in general, teachers are not supportive about pay-for-performance, particularly when asked how they feel about salaries based on a measure of gain in tests scores or comparison among teachers with like students, Dan Goldhaber emphasized that these trends often change once teachers have experience with such reforms. In

fact, Jason Glass reported that Eagle County teachers who participate in the alternative compensation program have been unwilling to return to a traditional pay system, voicing a need for continued work with reform. To the greatest extent possible, the same values of transparency, predictability and equality that attract teachers to the single salary schedule should drive alternative compensation reform.

For example, Rob Gould noted that Denver has ensured the benefit of additional control over compensation is augmented by a plan that not only affords all teachers equal opportunity for gain, but also clearly maps a teacher's potential earnings.

A common message among teachers, policymakers and administrators is that a clear understanding of both advantages and challenges is crucial to the development process. The information below summarizes the research and experiences discussed at the event.

Advantages to Reform	Challenges to Reform
Alternative compensation systems help focus district practices on important educator skills and knowledge as well as learning outcomes for students.	Simple reforms such as those including quotas and cutoffs will be perceived as unfair. At the same time, if reform is too complicated, stakeholder education will be difficult and administration may suffer.
Reform can address and reward expertise, training and job difficulty.	Districts should not impose a top-down system; it must be a collaborative process, built from the bottom up.
A plan with multiple components allows for choices that meet the needs of a diverse teaching staff.	Effective measurement and evaluation will require skilled, full-time staff for potentially complex data collection and analysis; in some performance award programs, administration costs have equaled 40 percent of total cash awarded to teachers.
Developing a new compensation system can promote collaboration and build trust, improving relationships among the union, teachers and district administration.	Plans may involve multiple systems and different rules for different employees (i.e. administrators, staff, teachers covering all subject matters), accentuating divisions in faculty and staff.
Teacher participation in all phases of development supports respect and professionalism and offers increased opportunities for reflection and feedback.	It may be a challenge to reach consensus among key stakeholders on essential elements of the plan.
Compensation reform communicates to the community a focus on improving teaching; it can lead to increased support for school ballot initiatives and lessened outside criticism of the district's budget management.	

## Final Things to Remember

**We do not know all the important details for crafting effective alternative compensation systems.** In the words of Jason Glass, "There is no 'Turbo Tax' for alternative compensation systems." Both Dan Goldhaber and Paul Teske emphasized that more basic research is needed on the data and methodological requirements for using student achievement tests as a gauge of teacher effectiveness. Districts should be committed to continually and honestly evaluating and evolving their systems. Developing a comprehensive plan initially requires a significant amount of work, but supports effective implementation in later years. Most importantly, alternative compensation systems provide policymakers, teachers and administrators a mechanism to focus district resources on what is important: improving teaching and learning.

**Collaboration, communication and community.** Brenda Smith stressed that effective implementation requires a tremendous sense of trust, built at the local level and based on local values and principles. Tools for building trust include:

- A strategic education and communication plan for interaction with teachers and the public
- Leadership and stability on the Board of Education and in the central office
- Union leadership that is collaborative, flexible and believes in taking risks
- Credible, agreed-upon standards of practice

**Real money, real changes.** To both use alternative compensation as a motivating/behavior-changing tool and ensure the resources necessary to manage the process requires a long-term financial commitment to the new system. A plan that promises increases to teacher salaries, but does not result in actual change, undermines the purpose of reform. While the Colorado districts each have their own unique systems, they have learned the importance of both the district and teachers feeling invested in the program and that basic salaries remain competitive in the market.

## Examples of Alternative Compensation Systems in Colorado

	Key Components
<p><b>Denver Public Schools ProComp*</b> Implemented in 2006; base salary, \$35,000</p>	<ul style="list-style-type: none"> <li>• Results-based pay based on knowledge and skills, student growth, professional evaluation and market incentives</li> <li>• The system is fully funded from a \$25 million tax levy</li> <li>• Cost of living adjustments are negotiated yearly and applied equally to ProComp and the traditional salary system</li> <li>• The single salary schedule is maintained until the last bargaining unit member on it retires</li> <li>• There are no quotas</li> <li>• Current teachers have the choice to opt in over the first five years</li> </ul> <p>*The information presented here predates recent changes to the teachers' contract (August 2008)</p>
<p><b>Douglas County Schools</b> Implemented in 1994; base salary, \$33,880</p>	<ul style="list-style-type: none"> <li>• Professional base pay based on evaluation credits and knowledge level advancements; teachers who receive a proficient evaluation are eligible for base salary increases or access to bonus incentive components the following year</li> <li>• Bonus incentive components include skill blocks, based on applied and demonstrated skills; responsibility pay, which compensates for nontraditional service at the school and district levels; and group-based incentive plans focused on varied aspects of student growth</li> <li>• Salary increases from \$0 - \$10,000 per year</li> </ul>
<p><b>Eagle County Schools</b> Implemented in 2001; base salary, \$38,650</p>	<ul style="list-style-type: none"> <li>• All staff eligible for an annual bonus and salary increase of eight to 10 percent of salary*</li> <li>• Compensation based on some combination of assessment results (CSAP, ACT and NWEA), employee evaluation scores and market conditions</li> </ul> <p>*Negotiations currently in process</p>

We would like to thank our panelists for their time and expertise. To learn more about the compensation systems in Denver, Douglas or Eagle County, or to speak with any of the experts listed throughout this paper, please contact Robert Reichardt at (303) 803-4412 or [robert.reichardt@ucdenver.edu](mailto:robert.reichardt@ucdenver.edu).

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