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CESA #12

ALTERNATIVE TEACHER COMPENSATION SYSTEMS

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ALTERNATIVE COMPENSATION SYSTEMS

I. MERIT AND PERFORMANCE PAY

A. Opponents of a Merit Pay System Argue That Such a System Would:

1. Increase competition between teachers, when collaboration is preferable.
2. Unfairly penalize those teaching low income, non-English speaking, or developmentally disabled students.
3. Result in teachers “teaching to the test.”
4. Reallocate needed funds in already strapped school districts because bonuses are ineffective unless they are a significant portion of a teacher’s income.
5. Fail to provide teachers with financial stability, making the profession less desirable.
6. Allow principals and school boards to reward their favorites rather than those who are deserving.
7. Require an extensive and costly bureaucracy just to implement.

B. However, Proponents of a Merit Pay System Argue That:

1. Collaboration can be rewarded by including it in the formula used to determine bonuses.
2. A little competition is healthy, and professionals in other fields are rewarded based on performance.
3. The promise of substantial bonuses will attract more talented teachers to the profession, retain high quality teachers, and make clear which teachers should be removed for poor performance.

4. Principal favoritism can be overcome by creating a clear rubric to determine bonuses and including other administrators, teachers, and even parents on the committee that determines bonuses.
5. Rewarding teachers with bonuses doesn't have to cost more than the Seniority System.

C. Reasons Given for Preferring Merit Pay:

1. "Even if the teachers are 'teaching to the test', at least they are teaching SOMETHING. I have metrics in my job, why not everyone?"
2. "If a teacher has been at a school for years, with or without good results, they may stick there. I had a math teacher in high school that none of the students in his classes did well. I graduated a few years ago and as far as I know, he's still there. Not fair to the student."
3. "Pay for performance works elsewhere. Why not in schools?"
4. "Teachers would strive to improve their students' performance and have a real financial reason to do so."
5. "There are plenty of really good, young teachers who leave the profession due to low pay, low respect, etc. It's been shown that advanced degrees and seniority are not what makes an effective teacher."

D. Reasons Given for Preferring a Seniority System:

1. "Experience means more than an ability to work the system."
2. "A merit pay system creates perverse incentives that force teachers to teach to the test, teaching almost exclusively to those students not quite at standards who can plausibly be raised to standards while neglecting almost entirely the education of those who are at or above the minimum standards. Seniority puts teaching in line with other jobs and encourages long-term commitment to teachers improving their own educations and contributing to school districts."
3. "In a seniority system, bad teachers can be weeded out. In a merit pay system, good teachers are punished due to factors beyond their control,

like how well a child slept the night before a test and whether the child has support at home.”

4. “The merit pay system just means the teacher is the best at teaching kids how to take standardized tests. I don’t believe this is a quality education. And while older teachers don’t necessarily equate to GOOD teachers, it may mean they have more experience in catering to difficult students’ learning styles.”
5. “Adds an element of objectivity to compensation.”

E. Reasons Given for Preferring Neither Merit Pay nor Seniority:

1. “Students would benefit from a mixed system in that they would have access to experienced and highly educated teachers as well as those with innovative ideas who are willing to challenge the status quo; a balance is key to taking advantage of both sides.”
2. “I’m not sure there’s data that says merit pay is an effective incentivizer for helping teachers become more effective. It would be nice for schools to become more collaborative in terms of teacher feedback, improvement, and student centeredness.”
3. “Teachers should have their salaries increased when their students perform well and not based solely on their seniority; however, standardized testing does not reflect how well a teacher influences his or her students. Teachers should also not have to worry about being fired because of a standardized test.”

II. EXAMPLES OF ALTERNATIVE COMPENSATION SYSTEMS (NATIONAL)

A. Denver, Colorado

1. Merit pay was implemented in 2006.
2. The new system required a \$25 million tax levy.
3. Teachers and district leaders collaborated on the rubrics used to determine bonuses.

4. Teachers working with underprivileged, ESL, and developmentally disabled students receive an automatic bonus of \$1,000.
5. The results:
 - a. Slight increases in teacher effectiveness – equivalent to “the difference in effectiveness between a first-year teacher and a second- or third-year teacher.”

B. New York City, NY

1. Merit pay was implemented in 2008.
2. Between 2008 and 2011, over \$56 million was paid out in performance bonuses.
3. Bonuses were awarded to schools rather than teachers, and most schools chose to distribute these bonuses evenly among teachers.
4. Bonuses amounted to about \$3,000 per teacher.
5. The results:
 - a. A study performed by the RAND Corporation found that merit pay had “no positive effect on either student performance or teachers’ attitudes toward their jobs.”

C. Nashville, Tennessee

1. Merit pay was implemented from 2006-2009.
2. Middle school math teachers were offered bonuses of up to \$15,000.
3. Bonuses were determined only by test scores.
4. Teachers received no mentoring or professional development.
5. The results:
 - a. A study performed by Vanderbilt University found that classes taught by teachers rewarded bonuses progressed no more

quickly than those taught by colleagues in a control group who were not receiving bonuses.

- b. Teachers gradually lost enthusiasm for bonus pay as the study progressed.

D. Atlanta, Georgia

1. Merit pay was implemented in 2009.
2. Bonuses as large as \$500,000 were awarded to schools with achievement gains.
3. Bonuses were largely determined by test scores.
4. The results:
 - a. 180 educators and 38 principals at 13 schools were implicated in a district-wide cheating scandal.
 - b. Teachers were intimidated and coerced into changing student scores, sometimes at organized test-score changing “parties”.
 - c. Principals rewarded teachers who toed the party line with bonuses.

E. So . . . does merit pay work?

1. In 2012, Mathematica released a final report on the 4-year evaluation of Chicago’s Teacher Advancement Program (TAP), which provided bonuses, career ladders, training and other interventions designed to improve teacher performance and retention. The findings:
 - a. No discernible effects on testing outcomes.
 - b. Some impact on teacher retention.
 - c. Recognition that 4 years is a relatively short time period for drawing any lasting conclusions.
2. Another recent study evaluated a program whereby teachers were paid a bonus at the *beginning* of the year, with some individuals being

required to return a portion of the bonus based on student progress on tests. Called “loss aversion,” this form of incentive was found to have a large impact among teachers in the base group.

3. A conference paper generated from data gathered from a school-wide bonus program in North Carolina concluded that, where incentives were school-based, those schools which “just missed the cut” in one year tended to show large gains the following year. This may suggest that teachers and administrators may respond to such incentives but that a “period of learning” may be required before the program results in any impact.
4. On the whole, studies seem to suggest that teachers *do* respond to incentives, but not necessarily “traditional” incentives such as individual bonuses based on end-of-year test scores. Yet these traditional incentives appear to be the most common types of models being implemented, with expectations of fairly immediate gains in testing scores.
5. A 12/23/12 *Washington Post* article summarizes the merit pay issue as follows:

“Thus, predictably, merit pay ends the year in roughly the same situation as it started. Proponents contend that the primary purpose of alternative compensation systems is less to compel effort than to attract ‘better candidates’ to the profession, and keep them around. From this perspective, it is unlikely that we will see much in the way of strong evidence – for or against – for quite some time, and short-term testing gains may not be the most appropriate outcome by which to assess these policies. . . In other words, merit pay remains, to no small extent, a leap of faith.”

III. EXAMPLES OF ALTERNATIVE COMPENSATION SYSTEMS (WISCONSIN)

A. Waunakee

Has had a point-based compensation system with a salary range of \$35,325 to \$62,325 based on 0 to 9000 points, as follows:

1. Teaching experience: 400 points for 0-10 years, 200 points for 11+ years.
2. Approved college course work: 60 points/credit for 0-10 years, 120 points/credit for 11+ years.
3. Master's or Ed. Spec. Degree: 800 points.
4. Doctoral Degree or National Board Certification: 1,000 points.
5. Approved activities within the district, clinics, conferences, conventions, workshops, local inservices, professional meetings and leadership: 4 points/hour for 0-10 years, 8 points/hour for 11+ years.
6. Approved activities outside the district, clinics, conferences, conventions, workshops, local inservices, professional meetings and leadership: 3 points/hour for 0-10 years, 6 points/hour for 11+ years.
7. Evaluation teams/SEC: 15 points for 0-10 years, 30 points for 11+ years.
8. Work experience: 1 point/hour.
9. Ad-hoc and district level committee participation (outside of one regular department assignment): District Administrator's discretion.
10. Editing professional publications: 3 points/hour, maximum of 120 points.
11. Writing for professional publications: 500 to 1000 words = 5 points, 1000 to 1500 words = 10 points, 1500+ words = 15 points.

B. Hartland-Lakeside

1. The District rolled out a pay-for-performance pay plan for its teachers in fall, 2012. Teachers have up to 3 years to voluntarily participate in the plan. Teachers who opt out will have their pay frozen. After 3 years, all teachers will be required to participate.
2. The District involved the teachers in refining the plan. The plan is performance-based, with seven performance tier levels ranging from

"Quality I" to "Exemplary." Corresponding salary bumps are provided for each tier.

- a. Quality I is a teacher with little experience, at the bottom of the pay scale, with an annual salary ranging from \$35,000 to \$37,000. This tier requires demonstration of student engagement, collaboration with colleagues and communication with parents regarding student achievement.
- b. Quality II and Quality III tier levels move beyond the above-referenced basic criteria, requiring teachers to demonstrate student motivation, positive and productive classroom climates, participation on District teams and committees, and tailored instruction based on analysis of student performance.
- c. After reaching the Quality III tier, which should occur within three years, teachers move into three Master tiers. New teachers who don't reach Quality III within three years are terminated, and once teachers move into the Master tiers, they must maintain the Master I level or higher.
- d. The Master I level requires teachers to mentor other staff members, provide leadership for District improvement on teams and committees, apply extensive use of resources like technology, and meet various other performance benchmarks. Salaries at the Master I level range from \$45,000 to \$55,000.
- e. The Master II and III levels require teachers to demonstrate that their students practice "high-level inquiry learning" (i.e., students are learning to ask difficult questions and stimulate discussion), promote the District to the greater community, develop individual student learning plans based on analysis of past performance, and develop themselves to the point that they can provide support and expertise to their colleagues which helps to benefit the entire School District.
- f. The Exemplary level is reserved for the District's elite teachers (approximately 5% of staff) and represents recognized leaders with high levels of expertise and National Board certification. Salaries for this level top out at \$75,000.

3. Under the plan, teachers are subject to regular evaluations which will be used by teaching peers and administrators to recommend placement at the various tiers. Once in a tier, teachers receive no salary increase if they meet less than half of the expectations of the tier, 1% if they meet at least 50% of the expectations, 2% for 75% and 3% for 100%.
4. In order to move from tier to tier, teachers will be required to document and demonstrate how they are meeting the specific benchmarks.
5. Existing salaries were used to place existing staff at the corresponding tier in the new model. While the new model gives administrators more control over the promotion process, it is not expected to translate into any significant cost savings for the District.

C. New Berlin

The Board approved a two-step pay system with extra pay based on merit, additional duties and other factors. Teacher pay will no longer be based on simply attaining a Master's Degree, unless it is required or research has shown that it improves learning.

1. As the new pay model is evolving, all new teachers will start at what will be known as "developing teachers' base pay." In 2012-13 that rate is \$37,500 but by the time the model is fully developed it could top \$40,000.
2. There will be two pay steps, but three tiers of teachers. New teachers must meet a set of standards that increase each year for three years. If the standards are met, teachers will move from the developing tier to the professional educator tier with a higher base pay. New teachers who fail to move on to the professional tier within three years will be encouraged to leave.
3. The master educator tier is for teachers who want to become mentors or help their colleagues become better teachers in other ways. Teachers are not required to move to the master educator tier and can stay at the professional tier if they so desire. The base pay for the two tiers would be the same, but teachers will get more pay for increased responsibilities, known as "strategic pay."

4. Strategic pay will have several aspects and can be earned by teachers in any of the three tiers. Examples of criteria for earning strategic pay include how well students do in teachers' classrooms, how well teachers meet the new teaching practice standards, extra pay needed to stay competitive with other school districts or to compensate teachers for additional education in certain circumstances, or additional experience or duties such as coaching or serving on committees.
5. The new model is continuing to develop and eventually will be presented to a team of teachers for input. Then it will go back to administrators and the Board.
6. Some merit pay models promote competition rather than collaboration because teachers compete for bonus money from a finite pool of funds. The District hopes its proposed system avoids the competition aspect because its criteria are set up to reward collaboration and cooperation.
7. A group of 18 teachers spent a year collaborating with administrators to create the new pay-for-performance plan, which was introduced at a June 16, 2012, Board meeting. Teachers will have up to three years to voluntarily participate in the new plan. After three years, everyone will be required to participate. Teachers can opt in now and then try to move up to the next tier to get a corresponding salary bump.
8. The model was implemented in two phases: In fall 2012, principals evaluated teachers and placed them in a tier. Subsequently, teachers begin moving up to higher tiers by demonstrating that they have met the required criteria.
9. When a teacher wants to move up, they must meet with the Pay-for-Performance Committee which is comprised of three administrators and three teachers. The Committee evaluates whether movement is warranted. The teacher only moves to a new tier if the Committee unanimously approves. Teachers must provide concrete examples of how they are meeting the criteria, such as documentation of emails, telephone conversations and/or other correspondence to show that the "strong positive relationships with parents and students" criterion has been met.

10. According to the District Administrator, the new system will not penalize teachers solely for a lack of student performance, provided the teachers are doing the best job they can.

D. Neenah

1. The District raised its base salary for 2012-13 from \$34,319 to \$40,500. Teachers earning less were raised up to that level, which was projected to cost \$126,000. The boost was designed to recruit top talent to Neenah. By way of comparison, the base salary in Appleton was \$38,241.
2. The School Board wants the District to implement a policy that rewards teachers with extra pay for outstanding performance and earmarked \$723,000 in the 2012-13 budget to fund a pay-for-performance program. This is in addition to another \$723,000 that was set aside for salary increases.
3. The District formed a 35-member committee (32 teachers and 3 administrators) to study the issue. The committee met seven times during the 2011-12 school year and used Cedarburg's pay-for-performance system (which has been in place for six years) as a guide. The committee is expected to offer specific recommendations before the end of the 2012-13 school year.

E. Oconomowoc

1. In 2012-13, District administration implemented a profound restructuring of its high school, including a reduction of its core teaching force from 75 to 60 and a requirement that its remaining teachers take on more duties. Staff shifted from teaching three 90-minute blocks per day with one block of planning time to four 90-minute teaching blocks each day. In exchange, the teachers received annual stipends of \$14,000.
2. Even with the stipends, the District's plan was projected to save \$500,000 per year, which helped to stave off cuts to programming and activities as well as increases to class sizes. Average teacher salaries increased from \$57,000 to \$71,000 and starting core subject teachers earn \$50,000 as compared to the prior starting salary of \$36,000.

3. The increase in teaching blocks from three 90-minute periods to four 90-minute periods is to be accompanied by increased use of technology, including students' own handheld devices, to encourage and personalize learning. In addition, many traditional lectures are to be posted online for students to watch and review on their own time. According to administration, this will free up more of the school day for individualized attention from teachers.

F. Burlington

1. District officials have introduced a "rough draft" of a new compensation system for teachers under which "outcomes" will comprise 50% of a teacher's evaluation. The District's goal is to put the new plan in place for the 2013-14 school year.
2. In its current form, the plan sets the starting teacher salary at \$40,000 but the District can start any new teacher at a higher salary at administration's discretion. All new teachers would be required to demonstrate the qualities of effective teachers as determined by competencies set forth in a new pay chart and through the teacher evaluation system. The pay chart competencies include:
 - a. \$2,000 for successful completion of Project Assist, a 2-year teaching mentoring program.
 - b. \$1,000 for each stage of successful completion of the District's in-house university with various progressions.
 - c. \$500 for each 5 and 10-year experience increment.
 - d. \$5,000 for completion of a Master's Degree.
 - e. Up to \$3,000 each for additional certifications.
 - f. \$5,000 for National Board Certification.
 - g. \$2,000 for "exemplary" designation.

G. Cedarburg

1. Cedarburg's teacher evaluations have been based on multiple measures of performance and observations (but not students' state test scores)

for about the last six years. The District is considering a potential pay-for-performance plan under which pay would be linked to this evaluation system. Teachers who score highly on the evaluation would receive more money on top of their base salary and teachers who score closer to the middle of the pack would receive less money on top of their base salary. Teachers who receive "basic" or "unacceptable" evaluations would receive no extra money on top of their base salary.

2. According to Administration, one concern about the proposed pay-for-performance plan is creating competition rather than collaboration among teachers. Currently the District's evaluation system relies on a performance model which includes evidence of student progress, principal observations, and discussions between principals and administrators about each teacher's performance. The District Administrator Herrick has said he would be open to using student scores as a measure of performance "when someone can prove that there's an accurate way to do it."
3. Under the proposed system, teachers would receive their bonuses in the fall based on how they scored on the evaluations at the end of the previous year. Bonuses could range from \$1,700 to \$2,200.

H. Kiel

1. Administrators have been working with a teachers' advisory council to create a new pay system that will align teacher salaries with performance evaluations based on the Danielson model.
2. Under the new plan, teachers will be evaluated every year and will have a more in-depth "summative evaluation" every three years. There will be four proficiency areas: preparation/planning, classroom environment, instruction and professional responsibilities. If a teacher has 90% proficiency in the four areas, they will receive a stipend of \$2,000. After six years of proficient summative evaluations, they will receive \$4,000.
3. There will also be additional stipends for achieving a Master's or Doctorate Degree and for National Board Certification.

I. Ripon

1. Single-lane salary schedule based on four 6-year promotion periods

2. Salary increases are received after the “intermediate” evaluation cycle, with larger salary increases after promotion to the next level occurs. Promotion to the next level is based on a summative evaluation from the principal.
3. Salaries for teachers placed on a “Teacher Assistance Plan” are frozen, and such teachers may not advance until they achieve the start of a year without being on the Assistance plan.
4. Beyond the 4th promotion point (usually 25+ years), an annual stipend becomes available based on points earned for improvement activities.
5. Annual stipends are in addition to any intermediate cycle increases, promotion increases, points stipends, or any annual adjustments to the salary schedule. Annual stipends are awarded for a Master’s Degree, Doctorate Degree, and National Boards Certification.

J. Elk Mound

1. Beginning in 2012-13, the District implemented a single-lane salary schedule based on four 6-year promotion periods (A-F). Beginning salary is \$38,000; maximum salary is \$62,000.
2. Each promotion period consists of two 3-year evaluation cycles. Teachers receive a salary increase after the intermediate evaluation cycle and a larger increase after being promoted to the next level.
3. At the conclusion of an evaluation cycle, advancement to the next level is dependent on a positive summative evaluation from the principal.
4. Teachers placed on a Teacher Assistance Plan are frozen at their salary level and do not advance until they begin a year without being on a Teacher Assistance Plan.
5. An annual stipend is available beyond the 4th promotion point (typically 25+ years) based on points earned for improvement activities, including:
 - a. graduate credit courses
 - b. workshops
 - c. professional development

- d. member of Promotion Review Committee
 - e. peer reviewer
 - f. workshop/in-service presenter
 - g. supervising student teacher
 - h. publication in professional journal
 - i. AP course teacher
 - j. coaching clinic
 - k. special professional growth activity
6. Annual adjustments to the salary schedule provide annual salary increases in addition to cycle and promotion increases.
 7. Annual stipends are awarded in addition to any annual increase, intermediate cycle increase, promotion increase, or points stipend.
 8. Additional stipends include:
 - a. \$1,000 for "Level P" points (one-time payment)
 - b. \$2,000 for master's degree (ongoing)
 - c. \$1,000 for each year of continued NBPTS certification
 9. There are no automatic promotions. Promotions must be earned based on specified criteria. Promotion to the next stage is possible every 6 years.
 10. Promotion decisions are based on the recommendation of the Superintendent, who receives recommendations from the Promotion Review Committee (PRC) responsible for the teacher's home building
 11. The PRC consists of 4 teachers and 2 principals, one of whom is the promotion candidate's principal. Each building elects 2 teachers for staggered 2-year terms. Teachers must be at Salary Level C or above to be eligible to serve on a PRC.
 12. The PRC does not meet face-to-face with promotion candidates. Rather, it conducts a file review only. Typical evidence for a teacher's promotion file includes:
 - a. Teacher evidence
 - (1) Annual goals sheets
 - (2) Collegial feedback report from peer reviewer

- (3) Reflections
- (4) College course transcripts
- (5) Workshop verifications
- (6) Student surveys
- (7) Professional activities (presentations, articles, etc.)
- (8) Photos/recordings of student activities (music, art)
- (9) Documented achievements

b. Administrator evidence

- (1) Summative evaluations
- (2) Annual paragraph (feedback) on goals
- (3) Overall promotion recommendation of principal

K. Fall Creek

1. Beginning in 2012-13, the District implemented a merit pay system based on a newly established evaluation process which includes:
 - a. Two formal observations per year (one each semester)
 - b. Scheduled walk-throughs (introduce Danielson model/framework for teaching)
 - c. Unscheduled walk-throughs (periodically throughout the year)
 - d. Student survey data
2. All staff members will take part in exit meetings prior to May 31, 2013.
3. All staff members will receive final evaluation summaries by June 6, 2013. Teachers may submit formal responses to these evaluations.
4. To be considered for the Growth Opportunity Component, staff members must receive a satisfactory final review and complete all criteria outlined in the Growth Model.

L. Oshkosh

1. The District has been struggling with high rates of turnover at all staff levels, from teachers to top administrators. A 1/12/13 newspaper account states that teachers who left Oshkosh for employment at other

school districts between 2009 and 2011 received, on average, 14% higher salaries from their new employers. Counting only those who left for higher pay, the amount was 19%.

2. While the District has not yet developed a new compensation model, it recently gave \$20,000 raises to all of its school psychologists in recognition of market-based pay rates for similar positions.
3. In recognition of skyrocketing competition, recently the District also approved large salary increases for its licensed nurse practitioners.

M. Black River Falls

1. The District is in the midst of developing a compensation system that will base teachers' pay on their own individual performance as well as the performance of their students.
2. As currently formulated, the plan would include a salary freeze for teachers whose annual performance is deemed "unacceptable," a raise for those deemed "qualified" and a one-time bonus in addition to a salary increase for those teachers identified as "accomplished." The most highly rated teachers would receive two bonuses.
3. The system is expected to be implemented in 2014-15. Administration describes the plan as sustainable because salary increases and additional bonuses will only be provided if the District is in a financial position to provide them.

N. Waukesha

1. In December, 2012, the Board approved a \$77,150 contract with Battelle for Kids to develop a compensation plan that will likely include merit pay. Citing a need to "do something different than step and lane salary schedules" because the District "values more than experience and education level," the District says the contract is not limited to merit pay but will include a review of all aspects of teacher compensation.
2. The first step is to form a design team which will be composed of 20 members, including administrators, elementary, middle and high school teachers, and union representatives.

O. Port Washington-Saukville

1. In December, 2012, the Board directed Administration to begin devising a merit-based pay system in which teacher compensation is tied to individual performance, as measured by criteria yet to be developed, as compared to automatic salary increases “just because you’ve been here a year longer.”

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