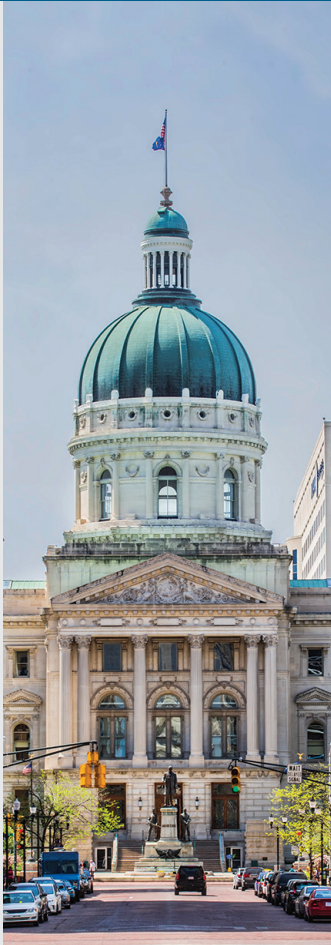


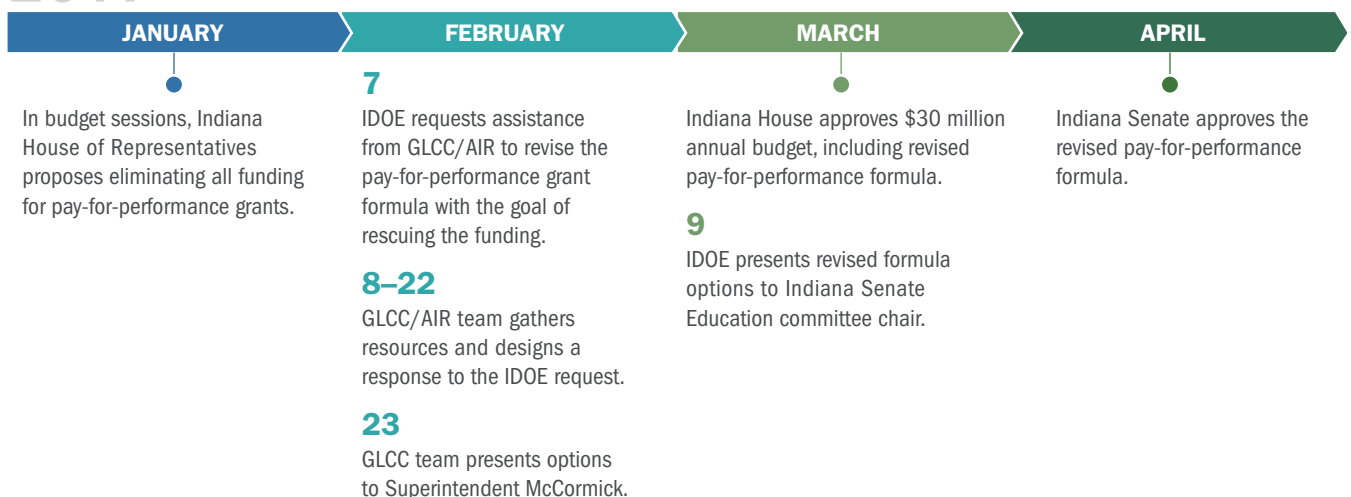
Indiana Revises Its Formula for Teacher Performance Pay



Upon taking the helm as the Superintendent of Public Instruction of the Indiana Department of Education in January 2017, Dr. Jennifer McCormick faced a time-sensitive challenge. The Indiana House of Representatives proposed eliminating all performance pay grants for teachers, which would exclude a total of \$40 million that would go to Indiana's well-performing educators. The House discontinued these grants because they found the grant approval process to be skewed; it rewarded highly effective teachers in the most affluent districts with approximately \$2,000 each, while equally effective teachers in struggling districts often received \$100 or less. Under the House draft budget, however, no teachers at all would receive financial awards in 2017. The Department, intent upon rescuing the funding for teacher performance grants, went into action to develop a fairer and more objective alternative and reached out to the Great Lakes Comprehensive Center at AIR for quick support.

Dr. McCormick's chief of staff, Dr. Lee Ann Kwiatkowski, asked the Comprehensive Center for the following: (a) an analysis of the current Indiana performance pay formula and any design flaws, (b) examples from other states, and (c) ideas for revising the Indiana performance pay formula. This begged the following question: What are evidence-based criteria for effective teachers? The turnaround of this request needed to be speedy given the legislative calendar provide—two weeks—so that the Department could provide evidence to the state Senate for their consideration in reinstating the performance bonuses. Does this constitute lobbying on our part, and could it put AIR as a nonprofit organization at risk?

2017 Success Story Timeline





Even good teachers [who received the highest performance pay grants] were looking at the formula and saying, “This isn’t right, this isn’t equitable.”

—Scott Syverson,
Chief Talent Officer,
Indiana Department of Education



We are fortunate to have a long and trusting relationship between IDOE and GLCC. Over the past nine months, GLCC delivered timely information and options that enabled us to make informed decisions and influence legislators in a high-stakes situation. We are working together for student success.

—Dr. Kwiatkowski,
Chief of Staff,
Indiana Department of Education

Center’s Response

The Comprehensive Center team quickly analyzed the formula and pinpointed two major concerns. First, the formula was used to distribute funds based on school performance rather than teacher performance. If a school did not meet certain performance or graduation requirements, it did not earn money—even if teachers in that school had some of the highest achieving students in the state. Second, the formula did not include student performance in nontested subjects. This meant, for instance, that an effective social studies teacher could not directly affect the district allocation.

Within a week, Center staff shared these concerns with the Department and created a simulation model using teacher and student data for every district, which showed the equity implications of multiple alternatives. Department staff could use the model to test various scenarios, set a total allocation for the grant, determine weights for district allocations and teacher distributions, and choose an allocation method. The formula options were based on the number of districts, the number of teachers in each district (by rating), or the number of students in each district. The simulation displayed how much money each district and each “highly effective” and “effective” teacher in each district would receive based on the variables. The Comprehensive Center demonstrated this simulation model to the Department two weeks after the initial request, and the Department took it to the Senate the same week.

Results

The Indiana legislature passed the state budget in April 2017, which included \$30 million annually for teacher appreciation grants. Each district will receive an amount based on average daily membership to allocate to highly effective and effective teachers.

In responding to this urgent request, the Center immediately leveraged the expertise of AIR finance and resource allocation experts, who provided the national context and shared promising approaches used in other states. Most importantly, the Center was able to quickly create an interactive tool—not just a report—that could model multiple scenarios for Department leadership to explore. With this tool, Department staff and legislators could precisely see the impact of changing the formula, enabling them to modify the reward criteria to afford greater performance pay equity among teachers throughout the state.

Teacher Pay Performance Simulation Model

Eligibility

Should the simulation include only eligible schools? If Yes, please input "1."
If No, please input 0.

1	Yes
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Weighting Teachers (Determining Total Allocation)

This weight determines how much money a district receives for each type of teacher. If all teachers should be the same, type "1" in column B for each. If teachers should be weighted differently, then type a different value for each. The weights, when averaged, should equal 1.

HE, E Average	
1	
Highly Effective	1.25
Effective	0.75

Weighting Teachers (Determining Individual Stipend)

This weight determines how much each type of teacher receives from a district's total allocation. The weights, when averaged, should equal 1.

HE, E Average	
1	
Highly Effective	1.1
Effective	0.9

Available Funding

How much money has been allocated for the grant? Please type the amount in column B.

\$40,000,000.00

Totals*

Derived from the data; check these for accuracy each time you update the data.

Total number of districts in Indiana:	325
Total number of teachers in Indiana:	55,976
Total number of Highly Effective teachers in Indiana:	24,183
Total number of Effective teachers in Indiana:	30,930
Total number of Improvement Necessary teachers in Indiana:	863
Total number of students in Indiana (2017)	984,523

Simulated Per-Teacher Allocation

Which of the Total Allocation options would you like to see distributed among teachers on the Per-Teacher page?

Dropdown Menu

Total (Per Student)

* These totals adjust based on the number of eligible districts.

