



Public Education: Time for Change Based on the Merits

By Tom Watkins and Patrick J. Wright

Summary

A merit-pay program for Michigan's public schools would reward teachers based on student achievement, rather than longevity and advanced degrees.

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Politicians often talk about the importance of education, but rhetoric has never educated a single child. Children learn from teachers, which is why Michigan needs quality teachers who know their subject and are rewarded for success.

Yet our great teachers are underpaid, while the bad ones, regardless of their salary, are paid too much. This system is perverse, and it's selling our children short. We need to do something about it.

Research has demonstrated that good teachers are the linchpin in student achievement. As University of Washington education scholar Daniel Goldhaber puts it, "It appears that the most important thing a school can do is to provide its students with good teachers." This is true regardless of the wealth or poverty of the community. Stanford University's Eric Hanushek and Amherst College's Stephen Rivkin have found that low-income minority students can gain 1.5 grade levels in a single academic year with the most effective teachers, but as little as 0.5 grade levels with the least effective.

So the primary challenge facing schools is attracting and retaining quality teachers, while encouraging weak teachers to improve or move on. We can debate whether school choice, teacher tenure reform or more charter public schools might help, but much can be done in the meantime.

For decades, Michigan schools have paid teachers based almost exclusively on two things: years in the classroom, and college degrees and postgraduate study. Unfortunately, studies show that classroom experience and advanced coursework generally do not improve teachers' effectiveness in raising student achievement. As a result, there are far too many of our schools where nearly all of the teachers are certified and where many have master's degrees, but our children are not learning at grade level.

The definition of insanity is doing the same thing over and over and expecting different results. But sadly, as William Lowe Bryan, famed president of Indiana University in the early 1900s, once remarked, "Education is one of the few things a society is willing to pay for and not get."

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A Merit-Pay Pilot Program for Michigan Public Schools
By Marc J. Holley and Patrick J. Wright, J.D.

Introduction

Education research now makes it clear that of all the factors that schools can control, teacher quality is the most important for student achievement. Efforts to reform public education within the current system include improvements to teacher quality. As Stanford University's Eric Hanushek and Stephen Rivkin of Amherst College write, "A good teacher will get a gain of 0.5 grade-level equivalent while a bad teacher will get 0.5 year for a single academic year." The cumulative effects of good teachers are profound. Hanushek et al. write: "[H]aving five years of good teachers in a row (1.5 standard deviations above average, or at the 85th percentile) could overcome the average seventh-grade mathematics achievement gap between lower-income kids (those on the free or reduced-price lunch program) and those from higher-income families." As education policy scholar Dan Goldhaber recently summarized the research literature, "It appears that the most important thing a school can do is to provide its students with good teachers."

A research consensus has also emerged that a teacher's years of experience and advanced degrees do not generally enhance his or her ability to improve student achievement. Admittedly, there are two exceptions to this statement: Teachers do tend to become more effective over their first five years¹ and teachers with

master's degrees in math and science content areas may produce slightly better student test results.²

Still, the current teacher pay system in conventional Michigan school districts — the "single salary schedule" — usually determines a teacher's pay based solely on years of experience and work on postsecondary degrees. This structure does not generally encourage teachers to focus their efforts on raising student achievement. Instead, it encourages teachers to stay in the job year after year and to spend their summers, nights and weekends earning advanced degrees that are unlikely to make them demonstrably more effective.

Concomitantly, Michigan's education statistics indicate there is an education policy problem in Michigan. Michigan's education spending and teacher compensation are relatively high by national standards, and total spending on primary and secondary education increased by more than 50 percent from 1988-1989 to 2006-2007.³ Nevertheless, its recent years Michigan's student performance in math and reading on the National Assessment of Educational Progress has lagged behind its national competitors.⁴

1. An extensive consideration of the empirical study in the introduction of this report can be found in Marc J. Holley, "Is Teacher Quality Worth the Money?" in *State Policy* 2008, <http://www.mackinac.org/2007/>.

2. In one of the above-mentioned studies cited herein, the effect sizes on public school districts in Michigan are roughly equivalent to a quarter of a grade level across a geographic region. The effect sizes on charter schools, which can be used as a benchmark for teacher quality, are roughly double.

3. The only central budget report sources to be that view are state revenues and the Educational Assessment Program. Unfortunately, the state's real per-pupil spending, which is the better measure of educational spending, is made by numerous Michigan school districts and is not available in a single report. Michigan's educational spending as a share of state personal income has declined from 1990 to 2006. The State of Michigan Department of Education has the lowest of the nation's lowest "Per Pupil Expenditure" in Michigan. "The State of Michigan Department of Education" (2007) <http://www.doe.state.mi.us/2007/>.

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"A Merit-Pay Pilot Program for Michigan Public Schools," by Marc J. Holley and Patrick J. Wright, J.D., examines a novel way to reward teachers who improve student achievement.



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It's time for our state to get what it pays for. A merit-pay program would base at least part of teachers' income on their students' achievement on standardized exams. The program could employ statistical models to ensure teachers are not penalized (or rewarded) for factors they cannot control, such as students' family incomes and backgrounds. It could also avoid the pitfall of setting artificial student pass rates that are unattainable. Tests like the Northwest Evaluation Association exams measure students' academic progress during each school year, allowing schools to define excellence through realistic goals for student improvement. The resulting goals would energize good teachers and encourage better teaching.

Merit-pay programs are being tried elsewhere, such as Chicago, Denver, Minnesota and Florida. Yet few Michigan school districts are experimenting with merit pay as a means to better compensate our great teachers.

A major reason is politics. Instituting merit pay would require changing the pay schedules in local union contracts or creating a state-funded merit-pay program amid an ongoing state budget battle.

But as a recent Mackinac Center policy brief suggests, many such obstacles could be circumvented by a private foundation that financed a pilot merit-pay bonus program (see www.mackinac.org/9798) with one or more cooperating school districts. This bonus program would be overlaid on the participating districts' existing compensation schedule as a means of field-testing the idea.

Change is necessary; progress is essential. Talent, creativity, knowledge and innovation will drive the 21st century. If Michigan and America are going to compete on the world stage, we must prepare more of our students to world-class standards. This can come about only by investing in quality teachers who produce educational results — and merit pay is a promising start.

(Note: An edited version of this commentary appeared in the Oct. 2, 2008, Detroit News.)

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