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*Executive Summary of*

# Teacher Performance Incentives in North Carolina

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# TEACHER PERFORMANCE INCENTIVES IN NORTH CAROLINA

## Executive Summary

### *Purpose of this Report*

North Carolina's Race to the Top program includes several initiatives that are designed to improve overall teacher effectiveness and student performance, particularly for the lowest-performing schools. The purpose of this report is to offer a preliminary evaluation of the performance incentive initiative, a \$1,500-per-teacher school-wide bonus designed to increase the efforts of teachers in North Carolina's lowest-performing schools.

### *Data, Sample, and Methods*

This report draws from two sources of data. Using quantitative data from the North Carolina Department of Public Instruction, the report offers comparative descriptive analysis between bonus-eligible schools (lowest 5%, based on Performance Composite and graduation criteria, of elementary, middle, and high schools) and bonus-winning schools (those bonus-eligible schools making "high growth"). The report also uses qualitative data from 12 bonus-eligible schools (6 winners, 6 non-winners) to understand teachers' and administrators' perceptions of and responses to the performance initiative.

### *Key Findings*

Several key findings arise from the analysis:

1. Bonus-eligible schools have disproportionately higher percentages of poor and minority students compared to North Carolina schools on average, and there is little difference in these characteristics between bonus winners and eligible but non-winning schools.
2. Educators in bonus-winning and non-winning schools alike had little awareness of the performance initiative; even among schools that received bonus pay, there was some confusion about eligibility in future years.
3. Not surprisingly, bonus-eligible schools, including bonus winners, have lower percentages of students at "grade level" than do North Carolina schools on average, but generally, bonus-eligible and bonus-winning schools have shown some improvement in student achievement from 2010 to 2012.
4. Almost none of the teachers interviewed said that performance pay would change their teaching behavior, because they see themselves as putting forth their best effort every day already. Teachers commonly reported being most incentivized by their desire to increase students' learning and growth, not by extra money.
5. There was greater support for a system of school-wide performance pay than for classroom-based performance pay; however, about 25% of respondents liked the idea of an individual, rather than a school, incentive.

***Implications***

There is little reason to believe that performance pay had a causal impact on either teacher effectiveness or student achievement for school years 2010-2011 or 2011-2012. First, most teachers were not aware their performance was being incentivized until after the first assessment year and half of the second assessment year had passed. Second, even if teachers were aware of the program, most teachers reported that a \$1,500 bonus would not change their teaching practices because they already believe that they are working as hard as they can.<sup>1</sup> This perception challenges the notion that teachers' attitudes toward and strategies for teaching can be swayed by monetary incentives.

Findings from this study also inform the policy debate about school- versus classroom-based incentives. While a small minority of respondents—particularly those who did not report having a team-oriented or collaborative school culture—preferred a classroom-based performance structure, the vast majority of teachers and administrators preferred a school-level bonus structure, citing concerns about collaboration and morale. Some administrators and teachers—even those in untested areas—recognized the extra pressure teachers in tested subject areas face and were therefore not opposed to those teachers receiving a larger percentage of the bonus money; however, many teachers recognized that it “takes a whole school” to educate a child and believed the bonus initiative should be structured accordingly.

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<sup>1</sup> In the original scope of work, school-level bonuses were to be replaced by individual bonuses for the 2012-13 and 2013-14 school years for teachers whose students met or exceeded expected growth; North Carolina has since been granted permission to continue the school-level bonuses along with the addition of teacher-level bonuses. At the time data were gathered for this report, the possibility for larger bonuses (combinations of school-level and teacher-level) was not yet approved.

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