

## A Mandatory “Merit Pay” System is Demeriting to Texas Teachers and Public Education

By: William J. Gumbert

The latest education reform debated by the Texas Legislature is to mandate a “merit pay” system for teachers in community-based school districts. The general theory is that if teachers had a financial incentive to improve student outcomes, they will be motivated to become better teachers and student achievement will increase. The measuring stick to determine the value of a teacher may include student performance on the State’s standardized “STAAR” test.

The STAAR test is not a reliable measurement of a teacher’s effectiveness to develop the unique abilities of each student. The STAAR test is also not a proven predictor of student success. Additionally, the State has not demonstrated that it can properly administer the STAAR test as technical issues have previously rendered some student results as “unusable”. Even a prominent education reformer recognizes that test scores are not indicative of future student success:

*“I failed in some subjects in exam, but my friend passed in all. Now he is an engineer in Microsoft and I am the owner of Microsoft” – Bill Gates*

The effectiveness of a teacher cannot be adequately measured by the test scores of students. In the same manner, the ability of an 8-year old child cannot be accurately evaluated by the results of a standardized test taken on May 13-14, 2019. It is important to remember that teachers:

- Are caregivers, not profit centers;
- Cultivate each student’s curiosity and foster a joy for learning;
- Build self-esteem and confidence for students to succeed in life;
- Provide a reliable support system for students as a trusted counselor and mentor;
- Develop the emotional, social, physical, and problem-solving capabilities of students; and
- Serve students with unconditional love and care.

**Dallas ISD - ACE Program:** Dallas ISD’s Accelerating Campus Excellence (“ACE”) Program was initially deployed in 2015 to improve student performance at 7 of its lowest performing campuses. The ACE Program is designed to accelerate student performance at designated campuses through strong leadership, effective teachers and high expectations for students and staff. To attract effective teachers and principals, Dallas ISD provides financial incentives to encourage top teachers and principals to work at ACE campuses.

Conveniently, the success of Dallas ISD’s ACE Program has provided certain legislators a tailor-made opportunity to further the “privatization” agenda of their politically-active supporters by touting the “merit pay” component of the ACE Program as a “role model” for all schools. In this regard, the legislators using Dallas ISD’s success as a platform to mandate a teacher “merit pay” system in community-based school districts are also the same legislators that have supported the opening of over 50 privately operated charter schools in Dallas ISD.

It is important to note that “merit pay” is just one component of the ACE Program. The ACE Program also serves students with additional instructional time, tutoring, social and emotional skill building and a culture of high expectations. Professional development training for teachers and the engagement of parents are also components of the ACE Program. For various reasons, the ACE Program currently comprises only 17 (7.4%) of Dallas ISD’s 230 campuses.

Dallas ISD deserves many accolades for the documented student success at its ACE campuses. It also deserves to be commended for the student success at its campuses that are not part of the ACE Program. For those that may not be aware, Dallas ISD has 19 of the highest rated campuses in the State with a 2018 Academic Accountability Rating of 96-99 (maximum score is 100).

**Legislature is Discouraging the Development of the “Whole Child”:** By mandating the evaluation and compensation of teachers based upon student performance on the standardized STAAR test, the Legislature is directing teachers to discard the development of the “whole child”. They are discouraging teaching anything other than the “test”. They are replacing the importance of developing the creative and critical thinking capabilities of students with teaching test-taking strategies and how best to select answers for multiple-choice questions. They are belittling the importance of teaching leadership, communication and social skills. They are downplaying the importance of participating in co-and extracurricular activities such as sports, band, choir and fine arts. They are diminishing the value of career and technical training. The Legislature is diminishing the teaching of lifelong skills that allow students to succeed in life.

According to *Inc. Magazine’s “Top 10 Qualities of Highly Successful People”*, self-confidence, self-reliance, communication and relating to others were listed as top qualities. Interestingly, scoring high on a standardized test was not included as a trait of highly successful people.

**Economic Theory is Not Applicable to Public Education:** “Merit pay” systems are based upon economic theory, which is not surprising, given it is pushed by corporate reformers that have become billionaires in the private sector. The private sector is singularly focused on making money for its corporate stakeholders. As such, decisions are narrowly focused on the “financial interests” of the corporation. In the private sector, “merit-pay” is not based upon the success of customers or social responsibility, but rather the sales, revenue and profit of the corporation.

Wal-Mart’s decision to close 63 Sam’s Club stores in 2018 is an example of a corporation serving its “financial interests” at the expense of customers and employees. Despite eliminating service to customers and impacting approximately 3,500 Sam’s Club employees, the CEO of Wal-Mart was rewarded with over \$22 million of “merit pay” in 2018.

With the objective to maximize profits in the private sector, we also don’t see banks providing many loans to “economically-disadvantaged” customers, life insurance companies providing new policies to terminally ill customers, “for profit” hospitals welcoming “non-insured” customers or restaurants devoting many tables to serve customers with “special needs”.

The reality is that economic theory does not translate to the purpose of community-based school districts and teaching. Unlike the private sector, teachers and community-based school districts have willingly accepted the social responsibility to equally serve the interests of all customers (students), regardless of their current wealth, health or needs. The only correlation between the private sector and public education is that teachers selflessly devote their careers to develop the unique capabilities of children, so that one day they can become the desired customers and qualified employees of profit-driven, private corporations.

**Teacher Motivation Comes From the “Heart” – Not the Pocketbook:** The best teachers think with their “hearts” and are motivated by making a difference in the lives of children. Teaching is a selfless profession that attracts professionals that put others (students) before self. The bank accounts of teachers are not the primary motivator as evidenced by the low number of teachers pursuing higher pay at other community-based school districts.

Teachers are motivated by receiving valuable instructional/student support that helps students, teamwork, peer/parent appreciation and witnessing a child's development. None of these factors are valued or promoted in a "merit pay" system that is based upon a standardized test score.

The following are a few examples of actions that teachers willingly do to nurture the development of students that are not measured by a test score:

- Pouring water on their own pants to make a student that "wet their pants" feel less embarrassed;
- Volunteering to attend 22 student baseball/soccer games, dance recitals or birthday parties on weekends to let their students know they are special;
- Counseling a parent on the educational needs of a student;
- Securing food and clothing for a student and family in need;
- Buying classroom supplies in lieu of taking a family vacation; or
- Paying for their own professional development and certifications to better serve students.

**"Merit Pay" Reduces Collaboration and Teamwork:** To best serve the needs of students, teaching needs to be a collaborative and team-oriented profession. Regular classroom teachers, specialty teachers (special education, ESL, math, etc.), curriculum coordinators and counselors need to work together to engage each student. Teachers need to be encouraged to share lessons, ideas and feedback with all parties that share the common goal of improving student learning.

By design, "merit pay" encourages individual success at the expense of other employees and customers. In such systems, co-workers are viewed as competitors – not collaborators or teammates. Having worked in a "merit pay" system for 32 years, I can assure you that many co-workers are quite secretive regarding their activities and asking for assistance is all too often met with: "what's in it for me." There is also considerable internal conflict as employee's posture to be assigned the "best accounts", which in the private sector are the ones that require the least effort and provide the most revenue. "Merit pay" systems also discourage employees from serving customers that demand too many resources or offer low profit margins (*Google – "Customer Profitability Analysis"*). As such, all customers are not equal in the private sector.

Each of these characteristics are counterproductive to the objective of improving outcomes for all students. Even a corporate education reformer, that is also the richest man in the world and the founder of Amazon, realizes the pitfalls of "merit pay":

*"We also have no incentive compensation of any kind. And the reason we don't is because it is detrimental to teamwork"* – Jeff Bezos

**Private Sector "Merit Pay" is an Expense Control System:** One of the primary reasons the private sector uses "merit pay" is to minimize the annual cost of employee salaries. In addition, "merit pay" provides the private sector with a "self-funding" compensation system by correlating the pay of employees to the profitability of the company. By minimizing salaries and making "merit pay" contingent upon an increase in profitability, private corporations have perfected an employee expense control system to minimize their risk of being unprofitable as revenues fluctuate from year to year.

In contrast, "merit pay" for teachers is not a "self-funding" system. The annual revenues of community-based school districts are fixed and capped by the Texas Legislature. Without a commitment of the Legislature to maintain future funding, community-based school districts may be forced to fund a mandated "merit pay" system through a reduction of other expenses. This could result in the need to limit future teacher salaries, which would directly reduce the quality of life of teachers as salaries are the basis for pensions, car loans, mortgages, etc.

**Similarities of Private Sector – Teacher Pay and Accountability:** The existing system of employing and compensating teachers has many characteristics that are already commonly used in the private sector. The teacher pay scale that provides higher salaries to teachers with more experience, advanced degrees and professional certifications is also widely used for employees in the private sector. In addition, community-based school districts use defined “pay ranges” that are based upon the experience, job description and title of an employee. The private sector also uses “pay ranges” for employees based upon similar characteristics.

Like employees in the private sector, teachers are held accountable through annual evaluations and are subject to demotion, reassignment and termination. In fact, most Texas teachers work under a 1-year contract that is subject to non-renewal and “tenure” is not available to teachers in community-based school districts. Despite the absence of a “merit-pay” system, the teacher turnover rate in community-based school districts was 15.8% in 2017, which is comparable to the employee turnover rate in the private sector.

**Conclusion:** It is disturbing that the Legislature is attempting to label teachers as the only ones that are responsible for student outcomes. This is especially troubling since the Legislature has previously reduced the funding of community-based school districts, failed to fund full-day Pre-K and limited its investment to provide professional development training for teachers. The Legislature’s singular focus on teachers is analogous to only holding accountable a family doctor for a patient’s health, a commercial pilot for a safe flight or a pitcher for winning a baseball game.

Teachers are certainly an integral part of community-based school districts and the public education system. But they are not the only ones that impact student outcomes. Through policies, funding and resources, the Texas Legislature, Commissioner of Education, Boards of Trustees, administrators, principals, librarians, instructional support staff, aides, counselors, coaches, etc. all play a role in the success of students.

For a “merit pay” system to be effective, all parties that share the responsibility for student outcomes must be held accountable. That means “merit pay” should also be applicable to the Texas Legislature, Commissioner of Education and others that directly influence the success of students. As we know, teachers are as good as the team, resources, training and guidelines they are provided.

Like other private sector education reforms that have failed, “merit pay” for teachers has limited applicability. This is especially true with the STAAR test be the measuring stick. Given the unique needs of every community, the decision to have a “merit pay” system should reside with each local community-based school district and not be another “one-size fits all” mandate of the Texas Legislature.

Many successful CEO’s in the private sector have said that the key to success is to hire people smarter than you and give them the freedom and resources to do their job. Teachers have the experience, education and certifications to educate children and as such, they are the smartest people in the classroom. Let’s hope teachers are provided the freedom and respect to continue making a difference in the lives of students, without any monetary strings attached to the much-maligned and unproven, standardized STAAR test. Let’s hope the Texas Legislature can learn from teachers and be motivated to serve the interests of students with their “hearts” and not by their pocketbooks!

**ABOUT THE AUTHOR:** William J. Gumbert has 32-years of prior experience as a public finance investment banker. During his career, he held various management positions within the public finance departments at both national and regional financial service companies. Mr. Gumbert specialized in Texas school district finance and given the state of public education, Mr. Gumbert voluntarily retired in May 2018 to advocate for the interests of community-based school districts and the communities they serve. The opinions herein are solely the author’s and the author has not been compensated in any manner for the preparation of this material. All readers are encouraged to complete their own diligence and make their own conclusions.