

Be Careful of What You Wish For

The Hazards of Pay-for-Performance

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[U.S. Education Secretary Arne Duncan](#) and a raft of supporters in the foundation world fervently [want to replace the tried-and-true teacher salary schedule with pay-for-performance schemes](#). They should be careful of what they wish for.

The idea seems straightforward: Replace raises conditioned on years of service and education beyond the minimum required for a teaching license with conspicuous rewards for good teaching measured, at least in part, by student test scores. Unsuccessful teachers would see the lack of salary advancement as a sign that they should seek another line of work. Successful teachers would be incentivized, take home tangible rewards, and encourage other teachers to follow in their wake. A circle of virtue would ensue.

Hardly any one would disagree that high performing teachers deserve rewards and recognition, but the policy mavens seem not to anticipate that departing from the single salary schedule might cost a lot of money and change teaching in unanticipated ways. It's about Talent. Not talent, as in singing or dancing well, but Talent as a commodity that can be bought or sold.

The switch from considering teachers as economically interchangeable widgets to scarce and valuable Talent would have profound effects, increase the overall wage bill for education, and give teacher unions their greatest organizing opportunity in half a century. Talent, once identified, will demand to be paid,

The cautionary tale about rewarding performance comes from [Malcolm Gladwell](#). In a [New Yorker article](#), the always-provocative Gladwell tells the story of Talent's rise to economic royalty starting in 1966 when [Marvin Miller](#) took over the Baseball Players Association. Talking to the San Francisco Giants player [Bobby Bonds](#), Miller said, "If we can get rid of the system as we know it, then Bobby Bond's son . . . will make more in one year than Bobby will make in his whole career." In fact, in 2005 Bobby's little boy [Barry](#) was [paid \\$22-million, more than his father and all his teammates made in their entire careers](#)

Miller's insight was that labor organizing could be applied to valuable and scarce abilities known collectively as Talent, and that Talent could make huge demands on Capital. Labor relations was no longer to be a contest between Capital and interchangeable worker Labor but Capital's capitulation to highly valuable Talent. Goodbye reserve clause. Welcome to the world of seven and eight figure sports salaries, billion dollar bonuses for investment bankers, and outsized salaries for executives.

It is hard to imagine such galloping salaries in schools where teachers are economically treated as interchangeable parts. But before Marvin Miller, it was hard to imagine baseball players as other than big kids under the paternalistic control of club owners. But the history of categories suggests that once a category is created, economic value follows.

One of the most recent examples is in the creation of [Board Certified Teachers](#), which was followed shortly thereafter by salary differentials for them. We should expect the same from Talented Teachers, those with proven track records of lifting student

achievement. Indeed, [this is what Secretary Duncan and others desire](#).

But what if the Talent of these teachers was recognized and promoted by their schools? Colleges and universities already do this and offer large salary premiums to their stars. Increasingly, they also offer insecure part-time employment to those who teach many of their core undergraduate courses. Some charter school organizations are built around conspicuous displays of Talent. Some traditional school districts also poach Talent from other places with promises of favorable salary scale placement and other work life enhancements: a lab of technological goodies or a schedule with plenty of time to teach the things Talent wants to teach. If these things can exist in the existing teacher-as-widget salary schedule, imagine what might happen if Talent recognized its worth and conspicuously organized around its protection and advancement?

Imagine teachers as free agents, teachers with agents, teacher unions as agents. Imagine school districts demanding salary caps, and lawsuits demanding that salaries be corralled into something like a civil service salary schedule so that schools in less wealthy areas could compete. Imagine the division of teaching into conspicuous rewards for Talent and slim pickings for the rest. Imagine brutal competition among Talent.

And maybe Talent drags up the salaries of everyone. Between 1985 and 2007 the average baseball player salary increased tenfold, not counting inflation. Over the same years the average teacher salary increased less than 2.4 times from \$20,694 to \$50,478, barely keeping up with inflation, [according to the Digest of Education Statistics](#)

One suspects that the advocates of conspicuously rewarding Talent haven't reckoned the wages that Talent demands.

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