COMMENTARY

Time to Pay Up

Analyzing the Motivational Potential of Financial Awards in a TIF Program

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Fueled in part by the Teacher Incentive Fund (TIF), a federal grant program that promotes the implementation of incentive pay in local contexts, compensation reforms have become prominent strategies for improving human capital in schools. The theory of action undergirding these programs assumes that financial incentives will motivate individuals to behave in certain ways (e.g. make certain career decisions, expend greater effort, engage in capacity-building professional development) that will increase human capital and, ultimately, improve performance.

Research has analyzed the impact of financial incentives on teacher behaviors and work conditions, but few studies have looked inside schools to examine how current teachers interpret their rewards, to gauge how payouts affect their willingness to participate in these programs, and to explain the conflicting evidence about the effects of incentives. This study addresses that gap by drawing on data from a multi-year, mixed-methods study of one TIF-supported incentive program to analyze teachers' views of financial rewards and how their views may shape the motivational potency of the incentives. The program offered awards up to $10,000 for individual and school level student achievement, standards based assessments of teaching, professional development, leadership projects, and teaching in difficult-to-staff subjects. The analysis is grounded in expectancy and goal-setting theories, which suggest that the motivational power of incentives depends on the extent to which awards hold valence and are perceived to be commensurate with effort invested, linked to performance, and fair.

The study found wide variation in teacher payouts. No one received the maximum award in either year of the study. Teachers had a range of reactions to the payouts in terms of the valence of the rewards and the degree to which their payouts were commensurate with the effort invested in the program, the extent to which they were linked to performance, and the fundamental fairness of the awards. As one might predict, teacher reactions varied by the size of the payout; teachers receiving higher payouts tended to be more positive than those receiving smaller awards. Interestingly, responses to payouts did not vary by teacher experience. They did, however, vary by school level; elementary school teachers were more positive about their payouts than middle and high school teachers.

Although teachers reported that a variety of factors influenced their ongoing participation in the program, most indicated that payouts mattered. Payouts were more likely to encourage participation for teachers who received relatively large awards. To the extent that award size is an indication of performance, this finding suggests that incentives may attract higher performing teachers, though the voluntary nature of the particular program studied limits our ability to draw conclusions about the potential of incentives to alter the teacher workforce. In addition, those who viewed the payouts as commensurate with effort, linked to performance, and fair were more likely to report interest in ongoing participation in the program.

While this formative evaluation of one TIF program was not intended to produce definitive and generalizable conclusions, findings identify design considerations that may affect the potential of educator incentive programs to operate as intended. Specifically, the analysis suggests that, from the standpoint of teachers, the maximum award amounts must be attainable, various conceptions of fairness must be addressed, performance measures must be credible, eligibility restrictions that limit participation in the program or components of it must be justified on fairness grounds, and the rules regarding payouts (i.e., eligibility criteria) must be clear up front. Given the increasing policy interest in and the appealing theory of action behind educator incentives, research that incorporates representative and longitudinal data to explain teachers' short-term and long-term responses to alternative combinations of financial incentives is needed

The full study is in Jennifer King Rice, Betty Malen, Cara Jackson and Kathleen Mulvaney Hoyer, "Time to Pay Up: Analyzing the Motivational Potential of Financial Awards in a TIF Program," Educational Evaluation and Policy Analysis, March 2015 vol. 37 no. 1 29-49.

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