



# EDUCATION POLICY NEWS

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## PERFORMANCE PAY IN LITTLE ROCK: YEAR TWO EVALUATION FINDS POSITIVE STUDENT EFFECTS

A study of a teacher pay-for-performance program in Little Rock, conducted by researchers at the University of Arkansas Department of Education Reform, finds that students in participating schools made significant gains in standardized test scores. The report, released in January 2008, describes the results of an evaluation of the Achievement Challenge Pilot Project (ACPP), a teacher merit pay program in the Little Rock School District which offered substantial year-end bonuses to teachers based on student improvement on standardized tests. The evaluation focused on the impact of the program on student achievement, and also

assessed the program's effect on teacher perceptions, attitudes, and behaviors.

Supporters of merit pay in education argue that such plans encourage teachers to be more innovative, to work harder, and to be more satisfied with their salaries. Supporters claim these changes will result in improved student achievement on standardized tests. Opponents typically argue that such programs lead to negative competition among teachers, negatively affect the school environment, and encourage teachers to neglect low-performing students.

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**Special Points of Interest:**

- An evaluation of Little Rock's teacher performance pay program shows students improved on standardized tests.
- Arkansas ranks #2 nationwide in its efforts to improve teacher quality.

## QUALITY COUNTS RANKS ARKANSAS EDUCATIONAL QUALITY

In an attempt to gauge the educational progress of the nation and each state, *Education Week* researchers have published state report cards since 1997 in their annual *Quality Counts* series. The 12<sup>th</sup> annual report, *Tapping into Teaching: Unlocking the Key to Student Success*, was released in early 2008.

To compare states across the nation, the *Quality Counts* series grades and ranks states based in five broad categories: school finance; teacher quality; transition and alignment; standards, assessments, and accountability; and student achievement.

**School Finance Equity:**  
*Arkansas rank: #16*

This category includes the wealth neutrality score. To interpret this measure, a lower score is considered favorable since it indicates that poorer districts actually have more funding per weighted pupil than do wealthy districts. A higher score is unfavorable because it means that wealthy districts have more funding per weighted pupil than do poor districts. On this indicator, Arkansas ranks #14 with a score of 0.03 compared to the national average of 0.09.

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## RESEARCHER'S CORNER: AN INTERVIEW WITH LAWRENCE PICUS

*Lawrence O. Picus is a professor at the Rossier School of Education at the University of Southern California. His research focuses on adequacy and equity in school finance. He has published numerous books and articles, including School Finance: A Policy Perspective (with Allen R. Odden). His consulting firm, Lawrence O. Picus and Associates, has worked closely with the Arkansas General Assembly over the past few years, making several recommendations that many state legislators believe have been critical in helping the state achieve educational adequacy.*



resources for struggling students. Funding increases as the percentage of free and reduced price lunch children increases in a school district.

**OEP:** *What was your general sense of how the Arkansas General Assembly did in terms of achieving adequacy?*

**LP:** I think they met the bar they set out to meet. They've worked very hard in Arkansas to develop a level of funding that will provide an adequate level of resources in every school. And I think the Legislature definitely deserves to be congratulated for not only doing it in 2003 and 2004, but then reviewing it and making adjustments in 2006 after they had some experience in looking at implementation data. So, I think that they should feel good about what they've done, particularly the fact that they also addressed the difficult issue of finding revenue to make that happen. And that's the hardest problem of all.

**OEP:** *How well did the effort made by the Arkansas General Assembly mesh with the recommendations in your 2006 report?*

**LP:** My take is that it comes pretty close. I think the one thing that is in our 2006 report that wasn't fully funded were some of the strategies for struggling students. The evidence-based model includes a four level approach to helping struggling students. It starts with teacher tutors to provide immediate help to students, and then recommends additional resources for extended day, for summer school, and for some additional pupil support personnel. We are pretty clear that you don't necessarily need to do all four all at once, that it might make some sense to provide funding to enable districts to have some combination of some of those and if that doesn't work, then perhaps add on later. I don't believe the funding model approved by the Legislature covered all four of those areas, but it certainly provided additional

My view is that they've put in place a very good, strong system, and like anything, it requires continual monitoring, maintenance, and evaluation to see how successful it is. If children do not do well, then it is important to ascertain what the problems are and determine the appropriate approach to resolving those problems.

**OEP:** *What does the state need to do to continually maintain educational adequacy?*

**LP:** I think the first step is to develop a system of support for a strong curriculum so that across the state all children have access to instructional programs designed to meet the state's performance standards. Second, and at least as important, is to ensure that there are high quality teachers available to teach to that curriculum. Third, I think the state needs to use the system of testing and accountability that's in place to measure students' success and understand where students are succeeding and where students are not succeeding. Then the state can develop an understanding of the cause when students are not succeeding. The state can then use those data to design and put together a funding and management system to resolve any issues that come up.

Our thought is that the resources that are in place should enable most schools to make substantial improvements in student performance over time. It is important to note that we're not going to see everything happen next year. Educational adequacy, as I see it, is a two-fold process—one of continuous evaluation and measurement of student learning, and one of providing the resources that will meet those

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## RESEARCHER'S CORNER: AN INTERVIEW WITH LAWRENCE PICUS

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students' needs. Then you look back and observe if districts are providing the resources to the students in need. If not, then I suspect the first question you need to ask is—what are districts doing with the resources and are there better ways to use the existing resources to improve student learning? And then ask the question—do we have enough money? At this point, I would not automatically assume the problem is that there is not enough money. If students are not performing at levels the Legislature would like to see, I'd try to understand why. For example, we still may not have the quality teachers we want to have, so teacher salaries may be a concern. However, teachers in Arkansas are pretty well paid regionally these days. If low income children are not learning, we would want to know why. Do they not have access to high quality teachers, are there just not enough resources to provide the small class sizes and the strategies for struggling students that they need? I would think in Arkansas there are, but we weren't asked those questions. Finally, I'd see what else is going on that's preventing success and think about what's needed to help out and overcome those obstacles.

**OEP:** *How important are teacher salaries, raising teacher salaries, in terms of achieving adequacy?*

**LP:** What's important for adequacy is the ability to attract and retain highly qualified teachers. Salaries are an important component of that. I suspect from what I read in the teacher literature that salary is not the only component. Working conditions, class size, children you're working with, those sorts of things also have some impact. And the salaries are a large piece of improving student learning, and insuring that the salaries are competitive is important. Within that context, most of the literature I see suggests that teacher salary markets are pretty regional and so you're really competing with other occupations within the state and therefore in the long run, what you're looking for is the ability to have salaries that look perhaps across the south regionally competitive (which I think

in Arkansas they are these days). Let's go back to the recommendations that came out of the 2003 adequacy study. We're recommended dramatic increases in teacher's salaries with two components. First, we recommended bringing Arkansas teachers up to a more reasonable level of competing with the regional average. Second, we recommended that certain amounts of money be provided for harder-to-staff positions. That would be perhaps math and science, special education, parts of the state where it's hard to attract teachers for whatever reason.

**OEP:** *How do we figure the cost of an adequate education when each school and each district is different?*

**LP:** I think you asked the really crucial question of the day. Where I come down on this is that the state needs to provide a set of resources that, if used correctly,

research suggests ought to lead to improvements in student performance. The difficulty, and the findings from our study last year in Arkansas showed, is that school districts had resources to do a number of things but chose to make very different decisions about how to use the money they received. For

- Lawrence Picus

example, one of the core findings of our model is a strategy for struggling students which starts with using certified teachers as tutors to help struggling students in very small groups for short periods of time to get those children back into the classroom and the existing curriculum. The research is very clear that those [certified tutors] working with classroom teachers on a regular basis to improve instruction can make a real difference in someone's learning. So if you've got money for two people to be coaches, we should see coaches there and not something else. Eventually you link that, at least at the school level, to measures of improvement in performance over time.

*The complete interview with Dr. Lawrence Picus can be accessed online, along with past OEP interviews with leading education policymakers at <http://www.uark.edu/ua/oep>.*

## QUALITY COUNTS RANKS ARKANSAS EDUCATIONAL QUALITY (CONT.)

*(Continued from page 1)*

Among the four spending measures, Arkansas ranks #20 overall. On three of the four measures, Arkansas ranks near the national average. For example, on the measure per-pupil expenditures adjusted for regional cost-of-living differences, Arkansas ranks #25 nationally. However, Arkansas performs well on spending compared to other states on expenditures for K-12 schooling as a percent of the state taxable resources, where Arkansas ranks #9 in the nation. Previous reports did not include a state ranking for school finance, but Arkansas received a B- in both 2006 (school finance was not included in the 2007 report) and 2008.

### **Efforts to Improve Teacher Quality:**

*Arkansas rank: #2*

Indicators within this category include accountability measures for quality control within the classroom, incentives and allocation of resources for current teachers, and efforts at building and supporting capacity (e.g. professional development and work environment). Based on the 50 indicators included in this category, Arkansas received 39 “yes” responses, which means that a policy was enacted before the 2007-08 school year. Arkansas has consistently scored well in this category, previously ranking #4 among the 50 states in 2006 (this measure was not included in the 2007 report).

### **Transition and Alignment:**

*Arkansas rank: #5*

Indicators within this category include programs targeting early-childhood education, college readiness, and workforce readiness. Arkansas’ policies scored well in this category because the state received all “yes” responses in both the early childhood education and workforce readiness sections. Where Arkansas can improve is in college readiness, especially with regard to aligning high school courses and assessments with the postsecondary system. In 2007, the first year this category was included, Arkansas ranked #6.

### **Standards, Assessments, and Accountability**

*Arkansas rank: #18*

Indicators within this category include eight

academic standards measures, twelve assessment measures, and five accountability measures. According to the report, Arkansas has relatively strong accountability efforts in place. The state has adopted clear, academic standards in English/language arts, math, science, and social studies/history. The state also has vertically equated scores on assessments in grades 3-8 in reading and math, which is a method that places students’ scores on two tests of different levels (e.g. test of mathematics for Grades 3 and 5) on the same scale so that the scores of students in both tests can be compared. The areas where Arkansas policymakers can improve, according to the report, are allowing extended-response items in subjects other than English, assessing by using student portfolios, using formative assessments, and providing rewards to high-performing or improving schools. Even with the broader evaluation for this category, which included ten new indicators, Arkansas’ ranking remained the same as in 2007 at #18.

### **Student Achievement:**

*Arkansas achievement rank: #35*

*Arkansas improvement rank: #16*

*Arkansas equity rank: #36*

Indicators within this category include comparisons between current status, change, and equity. The current status comparisons are based on the 2007 National Assessment of Educational Progress (NAEP) scores administered to grade 4 and grade 8 students in math and reading, as well as high school graduation rates and advanced placement test scores. Based on the most recent performance on these measures, Arkansas students ranked in the bottom third of all states with regard to achievement levels and excellence. These current year scores are consistent with previous findings regarding Arkansas student performance on NAEP, where grade 4 students performed similar to their peers across the nation, while grade 8 students performed lower than their peers.

However, Arkansas’ students rank very high with regard to improvement. For example, in scale score gains from the 2003 to 2007 NAEP exams, Arkansas’ students rank #4 for gains in grade 4 math and #3 for gains in grade 8 math. Students in the state also ranked #12 in change in AP scores from 2000 to 2006.

## QUALITY COUNTS RANKS ARKANSAS EDUCATIONAL QUALITY (CONT.)

The equity comparisons were based on the difference in performance on the 2007 NAEP grade 4 and grade 8 reading and math scores between students who were eligible for the National School Lunch Program and those not eligible. Based on these comparisons, Arkansas ranks in the bottom half of all states. Furthermore, the gap between Arkansas' rich and poor students has grown from the 2003 to the 2007 NAEP exams.

### Arkansas' Position Compared to Surrounding States

Compared to surrounding states, Arkansas has high rankings (see Table 1). In 2008, Arkansas had the top grade in two of the five categories—efforts to improve teacher quality and school finance. Arkansas also ranked second among neighboring states in terms of transitions and alignment. The state's grades given for standards, assessments, and accountability, as well as student achievement were roughly in the middle among the

border states. Additionally, this presentation of surrounding states highlights how poorly all surrounding states, as noted by the national average, perform on measures of student achievement.

### Quality Counts Trends

Since Quality Counts is an annual report, we can also view changes over time. Table 2 presents Arkansas' scores in 1997, 1999, 2001, 2003, 2005, 2006, and 2008. Table 2 includes the four categories that have been tracked over the past ten years. According to this historical perspective, Arkansas has improved its rating in three of four graded categories – efforts to improve teacher quality, school climate, and standards, assessments, and accountability. With regard to school finance equity, Arkansas has received consistent grades.

Read OEP's policy brief on Quality Counts at <http://www.uark.edu/ua/oep/policybriefs.html/>

**Table 1: Summary Grades for Arkansas and Border States, 2008**

State	Efforts to Improve Teacher Quality	Transitions and Alignments	School Finance Equity	Standards, Assessments, and Accountability	Student Achievement
Arkansas	B+	B	B-	B+	D
Louisiana	B	C	C+	A	D-
Mississippi	D	D+	C-	B	F
Missouri	C	D+	C	C	D
Oklahoma	B-	C	D+	A-	D
Tennessee	C	A	C-	A-	D+
Texas	C	C+	C-	B+	C
Nation	C	C	C+	B	D+

**Table 2: Summary Grades for Arkansas, 1997-2008**

Category	1997	1999	2001	2003	2005	2006	2008
Efforts to Improve Teacher Quality	C+	C-	C-	B	B+	A-	B+
School Climate	C-	D+	D+	C	C+	C+	NA
School Finance Equity	B	B-	B-	B-	C+	B-	B-
Standards, Assessments, and Accountability	B	D	D	B-	C	C+	B+

## PERFORMANCE PAY IN LITTLE ROCK: YEAR TWO EVALUATION FINDS POSITIVE STUDENT EFFECTS (CONT'D)

*(Continued from page 1)*

Opponents fear that these disadvantages will lead to declining student achievement on standardized tests.

Despite the arguments made by supporters and opponents, little is known about the actual impacts of merit pay programs on students or teachers because rigorous evaluations are rare. To determine whether the ACPP led to improvements in student test scores, researchers in the Department of Education Reform analyzed student data from standardized tests for students in all Little Rock elementary schools from 2004-05 to 2006-07. Next, they examined data from teacher surveys, which were administered to nearly 300 teachers to evaluate the impacts of merit pay on teacher attitudes and school climate. Finally, a series of interviews with teachers in the five participating schools further explored the effect of the ACPP.

The year two evaluation follows-up on the year one evaluation, which was based on data from two ACPP schools. The year one evaluation was conducted in the Fall of 2006 and found that standardized test scores in math improved in ACPP schools, and that teachers were modestly supportive of the program. The year two evaluation of the ACPP improves upon the year one evaluation in several ways. In particular, the introduction of the ACPP in three new schools in 2006-07 increased the sample of students and teachers exposed to the program. Moreover, analyzing results from the Iowa Test of Basic Skills in the 2004-05 school year allowed for three years of consistent student achievement data in three key subject areas – math, language, and reading.

Based on the student achievement comparisons, students in the three schools where the ACPP began operation in 2006-07 showed an improvement in achievement in multiple subject areas. In math, students whose teachers were eligible for bonuses outperformed students in schools whose teachers were not eligible by 3.52 normal curve equivalent (NCE) points. This differential gain represents a program impact of nearly seven percentile points. In language, students whose teachers were eligible for bonuses outperformed students whose teachers were not eligible by 4.56 NCE points. This differential gain represents a program impact of nearly nine percentile points. In reading, students whose teachers were eligible for bonuses outperformed students whose teachers were not eligible by 3.29 NCE points. This differential gain

represents a program impact of nearly six percentile points.

Based on the surveys of nearly 300 Little Rock elementary school teachers and on interviews with faculty in ACPP schools, teachers have mixed feelings about the program. The data do not indicate that ACPP teachers, in general, are more innovative or work harder, despite the fact that these are two oft-cited potential benefits of merit pay plans. However, teachers in schools that have participated for multiple years in the ACPP reported being more satisfied with their salaries than their peers in first-year ACPP schools and in comparable nonparticipating schools. The data do not indicate that ACPP teachers experience divisive competition, suffer from a negative work environment, or shy away from working with low-performing students—despite the fact that these are three oft-cited potential problems inherent in merit pay plans. ACPP teachers, however, did report being more effective teachers than comparison teachers in non-ACPP schools.

Teachers in the three schools implementing merit pay for the first time in 2006-07 highlight some problems with the implementation of the program, which resulted in teacher discontent and decreased program support. Problems mentioned were lack of communication, lack of teacher input, and perception that program changed.

According to Gary Ritter, who directed the evaluation, “our two years of analysis of test data in ACPP schools in Little Rock reveal consistent findings: students of teachers who are eligible for performance bonuses enjoy academic benefits. Further, many of the criticisms of merit pay programs simply have not proven true in Little Rock.” Although the Little Rock School District discontinued the ACPP for the 2007-08 school year, a new statewide performance pay initiative launched by Arkansas Gov. Mike Beebe—the \$2.5 million pilot program, Rewarding Excellence in Academic Performance (REAP)—is set to begin in the fall of 2008.

*For more on performance pay, visit OEP’s policy brief page at <http://www.uark.edu/ua/oep/policybriefs.html>*

*The full Little Rock evaluation report is available online at <http://www.uark.edu/ua/der/research.html>*

## IN THE NEWS

### **New York Schools Collecting Pupil Test Data for Some Teachers**

New York City public schools are collecting data to measure the performance of the city's 2,500 teachers in terms of their students' performance on standardized tests. However this plan has garnered a firestorm of criticism from the local teachers' union. As part of a pilot project at 120 of the city's 1,400 schools, teachers are being assessed according to the number of students making progress, and how their performance compares with that of colleagues who teach similar students, as well as with a control group of teachers throughout the city. The study controls for characteristics such as class size, the number of special education students and English-language learners, and a host of other issues. Officials in the district say they are not sure how the data will be used, or whether the information will be used to evaluate teachers or for making tenure decisions.

### **Constitution Requires State to Educate Children of Illegal Immigrants**

According to Scott Smith, general counsel for the Arkansas Department of Education, states are legally prohibited from denying a free public education to children of illegal immigrants who have been deported or no longer reside in a school district. Appearing before a state legislative panel January 8th, Smith argued that educating such children is required by both the U.S. Constitution and Arkansas Constitution. "There is a statutory mandate," Smith said, "even beyond the constitutional requirements that would entitle these children to attend a public school if they so desire." The U.S. Supreme Court has ruled that states can establish residency requirements, and Arkansas currently has one in place. Children must meet a two-fold test regarding residency, and children of illegal immigrants who have been deported meet that test according to Smith. Lawmakers also raised concerns about the cost of educating children of illegal immigrants, calling for further study into the issue.

### **Report Suggests New Ways to Deal with Student Discipline Problems**

According to a new report by researchers at Indiana University, schools would be able to deal with student behavior issues by developing new ways to solve discipline issues rather than relying on policies that punish all students in the same manner. The report by

Indiana University's Center for Evaluation and Education Policy asserts that many schools use zero tolerance policies or one-day suspensions that ultimately may not change student behavior. Statistically, Indiana endures more disciplinary issues than most states the report noted. For instance, during the 2005-2006 school year, Indiana schools expelled 6,324 students and issued 313,322 suspensions. The study recommended that a three-tiered system called Schoolwide Positive Behavior Supports be implemented statewide. The system includes group interventions of students with common disciplinary problems as well as more individual interventions.

### **Rose Bud Teacher Has Been at Head of Classrooms Since 1937**

Naomi May, 88, began teaching in the Ozark mountain town of Rose Bud at age 18. Seventy years later, she's still teaching every day at Rose Bud Elementary School. May graduated from Rose Bud High School in 1937, and received a summer-long scholarship to attend what was then Arkansas State Teacher's College in Conway (now the University of Central Arkansas). She returned home in the fall to take the teacher's exam and, upon passing it, began her career teaching second graders. In her first year, she earned about \$55 a month. May took college courses on weekends, eventually earning a degree in education in 1957. She went on to earn a master's degree in education from Harding University in Searcy. For much of the past decade, May has taught courses for English Language Learners. One of her former students, Rebecca Evans, is now the assistant principal of Rose Bud Elementary School.

## UPCOMING EVENTS

**Arkansans for Gifted and Talented Education (AGATE) Conference, February 21, 2008, the Peabody Hotel, Little Rock**

**Arkansas Student Filmmaking Competition February 29-March 1, 2008, Malco Theatre, Hot Springs**

**Joint Education Committee, March 11, 2008 Arkansas General Assembly, State Capitol, Little Rock, Room 171**

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NEXT  
ISSUE...

*The next Office for  
Education Policy  
newsletter will be  
published in Summer  
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## OFFICE FOR EDUCATION POLICY MISSION:

*The Office for Education Policy seeks  
to be a resource that aids state policymakers, educators,  
administrators, and other leaders in thoughtful decision-making  
concerning K-12 education in the State of Arkansas.*

## THE EDITOR'S NOTES

Dear Colleagues,

As always, we at the Office for Education Policy are busy monitoring the latest developments in K-12 education from around the state. Most recently, we released a second-year evaluation of the Little Rock teacher performance pay program. The study finds that students in participating schools made significant gains in standardized test scores, though teachers had mixed attitudes about the bonus program's effects on school climate and other issues.

Also in January, *Education Week's* 2008 *Quality Counts* report was released, which ranks each state in terms of the quality of its educational policies and student achievement.

We are very fortunate to present in this issue an interview with nationally-recognized education finance researcher, Lawrence Picus, who conducted the Arkansas adequacy report. Here, he gives us his take on the progress made in Arkansas K-12.

As always, thank you for your continued support. Please don't hesitate to contact us with suggestions for issues we might research, or with questions. We hope to hear from you soon.

Sincerely,  
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