PBAF 573: Educational Policy & Social Inequality

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Week 9:
Teacher Compensation
Merit Pay: Arguments For And Against

For:
• Will enhance productivity - works in the private sector and private schools
• Will enhance “fairness” in teaching
• Potential to impact all teachers, not just new entrants
• Provides alternative of all or nothing employment decision

Against:
• Has been tried in public schools and it has “failed”
• Very nature of work makes merit pay in teaching incompatible
  – Monitoring problem (e.g. fairness)
  – Importance of collegiality
  – Downside of rewarding “A” while hoping for “B”
  – Employee opposition
• No strong evidence that it works
Merit Pay: What Is the Evidence?

• Very little evidence about impacts:
  – Few public sector merit pay plans survive
  – Private schools far more likely to use this form of compensation, but not all of them
    • Some suggest private sector would be more likely to use merit pay if public sector didn’t set teacher pay norms
  – Conventional wisdom is that teachers are opposed to it, but this may be heavily influenced by union voice, which is clearly opposed
    • Attitudes towards merit pay differ depending on experience with such a plan