

PRINCIPAL PAY-FOR-PERFORMANCE AS STATE POLICY:

HOW THREE RACE TO THE TOP WINNERS

ALIGN STATE POLICY WITH FEDERAL INCENTIVES

by

ANN LOUISE DUFFY

(Under the direction of Elizabeth DeBray)

ABSTRACT

This research documents how three winning states responded to Race to the Top (RTTT), a federal competitive grant program, and explores how they aligned state strategies with federal expectations. Focusing on the specific policy of principal pay-for-performance, also known as “merit pay,” the study traces the evolution of that policy in the politically diverse states of Delaware, Massachusetts and Tennessee. The research documents how the policy was developed and how it plans to be implemented both at state and district levels.

This study utilizes a case study methodology to understand the complexities of the policy process and the alignment between state and district practices within a specific state policy context. The development of state policies in the context of a federal grant program is explored using a cross-case analysis of multiple state cases. Data collection included interviews with 34 state and national informants, in addition to document analysis and field notes. The data analysis is both within-case and cross-case, based on frameworks from new federalism and policy instrumentation, and uses the interpretive lenses of sense-making and motivational theory.

This examination of policymakers' understanding of pay-for-performance policy in the context of RTTT resulted in four primary findings: 1) the competitive grant process creates a shared understanding among local policymakers; 2) local strategies prioritized teachers over leaders, despite a balance in the grant requirements; 3) the role of the federal government is to encourage local adaption while steering toward larger policy objectives; 4) policymakers understand pay-for-performance to be a component of a larger human capital strategy and not a stand-alone strategy. These findings underscore the importance of policy adaption to local context and the staging of policy implementation. Implications for policymakers and suggestions for further research are also presented.

INDEX WORDS: Education policy, Federal aid to education, Competitive grant programs, State and federal relations, Educational leadership, Policy implementation, Pay-for-performance

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By

ANN LOUISE DUFFY

A.B., Harvard College, 1990

M.B.A., Elise School of Management, Millsaps College, 1997

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By

ANN LOUISE DUFFY

Major Professor: Elizabeth DeBray
Committee: Eric A. Houck
Catherine C. Sielke
Sheneka M. Williams

Electronic Version Approved:

Maureen Grasso
Dean of the Graduate School
The University of Georgia
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DEDICATION

For my darling and daring husband. Life is a glorious adventure with you.

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CHAPTER 1

BACKGROUND AND RATIONALE

Should principals be rewarded for a job well done? One of the most divisive topics in education today is the use of student achievement data to evaluate educator performance and the use of pay-for-performance programs as incentives to improve their performance. While districts have been experimenting with these programs, also known as merit pay programs, for years, the role of the state in supporting the implementation of these programs is less clear. Some states have chosen to participate in a voluntary federal program, Race to the Top (RTTT), that effectively mandates state pay-for-performance policies and district-based programs. What must a state do to create the conditions for districts and schools to successfully implement such a program?

The quality of school leaders is an appropriate policy domain for both federal and state policymakers. The principal is a key position in the system and the quality of principals does matter to the quality of the school (Cotton, 2003; Leithwood, Day, Sammons, A. Harris, & Hopkins, 2006; Leithwood, Louis, S. Anderson, & Wahlstrom, 2004). Principals account for up to twenty-five percent of the effectiveness of a school as measured by student achievement, second only to the quality of classroom instruction (Cambron-McCabe & L. Cunningham, 202AD; Catano & Stronge, 2006; C. Cohen, Darling-Hammond, & LaPointe, 2006; Leithwood, Steinbach, & Jantzi, 2002; Southern Regional Education Board, 2006). While some studies find that there is not a statistically significant relationship between instructional leadership and student achievement (Hallinger, Bickman, & Davis, 1996; Witziers, Bosker, & Kruger, 2003),

others show that principals do have a measurable influence on school effectiveness and a student's learning environment (M. E. Anderson, 1991; Dinham, 2005; Hallinger et al., 1996; Marks & Printy, 2003; Marzano, Water, & McNulty, 2005).

Principals have been charged with leading instructional improvement and achieving results as mandated by local, state and federal accountability systems (Cooley & Shen, 2003; Goodwin, M. L. Cunningham, & Childress, 2003; Marks & Nance, 2007; Reitzug, West, & Angel, 2008). There is emerging literature on the role of so-called "turn-around specialists", which suggests that principals with the right skills and under the right conditions can make a significant difference in low-performing schools in a short period of time (Center on Education Policy, 2009; Duke, Tucker, & Higgins, 2005). The literature is less clear, however, about whether or not those improvements are sustainable beyond the individual principal (Caulkins, Guenther, Belfiore, & Lash, 2007). Strong leaders are not guaranteed to have a positive influence on schools or on student achievement, as even the best leaders will miscalculate the magnitude of change required, focus on misguided instructional practices or respond inappropriately to external forces (Bailey, Cameron, & Cortez-Ford, 2004). Nonetheless, school principals are a critical investment to drive school improvement (Gruenert, 2005; A. Harris, 2002; Pounder, Reitzig, & M. Young, 2002).

As policymakers came to realize this relationship between the school leader and student achievement, they began to seek ways to create incentives to improve principal performance. While there is a significant body of literature around the motivational value of organizational rewards (Gomez-Mejia, Welbourne, & Wiseman, 2000; Kelley, 1999; Leithwood et al., 2002), the use of pay-for-performance outside of education (Lazear, 2000; Mento, Steel, & Karren, 1987), and the use of merit pay for teachers (Chait, 2007; Heneman, Milanowski, & Kimball,

2007; Kelley & Odden, 1995; Podgursky & Springer, 2007), the literature regarding the effectiveness of principal pay-for-performance schemes is thin.

Recognizing that performance-pay schemes are not always popular or welcome in U.S. public education, Podgursky and Springer (2007) argue for continued experimentation and evaluation of pilot programs. Because such compensation systems are not universal and because there is resistance on the part of schools districts to implement such systems, there is a critical role for external partners to stimulate and fund additional pilots and to sustain the work. While Podgursky and Springer call upon private foundations to continue to advance policy and evaluation work in this field, such as the recent Gates Foundation initiative (N. Anderson, 2009a), the U.S. Department of Education (USDOE) has adopted this policy as a centerpiece of their reform agenda through RTTT, a \$4.3 billion education reform program enacted as part of the American Recovery and Reinvestment Act (ARRA) of 2009.

Race to the Top: A policy window for state action

The USDOE awarded RTTT grants to states through a competitive application process that both encourages and rewards states for “creating the conditions for education innovation and reform” (USDOE, 2009a, p. 2). By design, RTTT rewards states that have demonstrated success in raising K-12 student achievement and have the best plans to accelerate their reforms in the future. Individual grants to states range from \$350 - \$750 million for large states and \$20 - \$75 million for small states.

In the original guidance to the states, the USDOE outlines RTTT as a strategy for diffusion of best practices, noting that “these states will offer models for others to follow and will spread the best reform ideas across their States, and across the country” (2009a, p. 2). The

USDOE's reform strategy is defined in ARRA as the four "assurances" or areas of funding priority: (1) standards and assessments; (2) data systems to support instruction; (3) great teachers and leaders; and (4) turning around the lowest-achieving schools. These strategies drive the state's proposal for education reform and serve as the basis for the award of RTTT's competitive funding.

These reform areas may operate independently in state programs and policies, but the RTTT competition rewards states for comprehensive reform and not isolated improvements in specific areas. However, the reform plan for great teachers and leaders had some of the most politically charged elements, requiring many states to adopt new laws and create new systems for evaluation, tenure and salary decisions (National Conference of State Legislatures, 2010). Most significantly, RTTT moves away from standardized measures of student achievement and focuses instead on the use of student growth data (Mcneil, 2009a). States then are required to use that data on teacher and principal effectiveness for the purposes of evaluation, compensation and promotion, tenure granting, and dismissal, a departure from the status quo.

Since RTTT is by design an innovation testing strategy that uses state policy as the platform for reform, this is an appropriate policy tool to develop, test and replicate alternative compensation structures in states have the greatest chance of success. Key issues of sustainability will not be addressed in the early implementation of RTTT, but many of the policy design features, such as instrumentation and agenda-setting, and local implementation factors, such as sufficient resources and stakeholder engagement, will be supported through the state's RTTT program.

By defining the four assurance areas and creating a competitive grant program, the USDOE established a clear and targeted political agenda for the states and created an "issue

window” for state policy actors to step through. Secretary Duncan identified this window in his announcement of RTTT on July 24, 2009:

“(F)or the first time in history, we have the resources at the federal level to drive reform. . . The \$4.35 billion dollar Race to the Top program that we are unveiling today is a once-in-a-lifetime opportunity for the federal government to create incentives for far-reaching improvement in our nation's schools. . . . For states, for district leaders, for unions, for business, and for non-profits, the Race to the Top is the equivalent of education reform's moon shot. And the administration is determined—I am determined—not to miss this opportunity...But I want to be clear that the Race to the Top is also a reform competition, one where states can increase or decrease their odds of winning federal support.”(USDOE, 2010a)

McClendon describes this issue window as a place or time when “existing decentralization solutions may become linked with problems of statewide scope” (2003, p. 507). The different parts of the RTTT agenda are extensions of existing policy so do not reflect a new agenda in and of themselves. What is different, however, is the way in which the USDOE packaged earlier work with a specific eye toward influencing state policies. The theory of action from the federal level is that state policies create conditions for needed education reforms and that states can be motivated to improve those conditions with additional funds.

RTTT is a state-level systematic reform that depends on comprehensive policies and aggressive political action. For example, under previous administrations, the quality of the teacher workforce was a high priority agenda item. NCLB regulations required states to report percentages of “Highly Qualified Teachers” and to account for the quality of teacher preparation programs in annual reports. Competitive grants seeded innovative programs in alternative teacher preparation and in new teacher compensation models. These federal activities reflect a broad agenda valuing quality teachers, where states complied with reporting requirements and some districts participated in grant-funded programs. However, this agenda allowed states to

determine their own definition of a quality teacher and did not require states to tackle the more politically difficult issues of teacher compensation and tenure.

In contrast, the agenda for RTTT places those more difficult political issues front and center. In this new program model, states must allow and provide for the performance-based compensation of educators, based in part on student achievement scores. States must also allow for alternative certification routes and report on the quality of educator preparation programs according to a prescribed performance standard. As Secretary of Education Arne Duncan said, “This is a way of challenging the status quo in a much more tough-minded way” (Mcneil, 2009b). Under RTTT, no existing state policy is an allowable excuse for not aligning to federal policy agenda. States, of course, have the option of opting out of the grant competition rather than change state policy. But the USDOE is not providing these additional funds to implement programs or serve targeted students unless state policy supported the federal agenda. The theory of action supports those states that are ready to implement reforms, betting that the federal incentive can drive the necessary state policy changes aligned with the federal agenda.

The response from states during the initial phases of policy design and implementation suggests that this theory of action is working. The policy objectives are common for all states and the clear expectation is that states are already well on their way to implementing these reforms and operating in this new arena. In response, many states started implementing reforms in advance of the competition, resulting in a flurry of state legislative activity in the few months before deadline (National Conference of State Legislatures, 2010). For example, Maine and California both passed laws allowing the use of student-achievement data in teacher evaluations (Leary, 2010; Paulson, 2010); Michigan raised the dropout age (Office of the Governor, 2010); Illinois and Tennessee raised state charter school caps, allowing for greater numbers of charter

school applications (Toppo, 2009); and, Florida committed to evaluating teacher preparation programs by tracking the impact of recent graduates in the classroom (Postal, 2009). While these state solutions reflect the unique politics and policies in each context, they all align tightly back to the federal agenda. There is no room for innovation in this new arena, except to the degree implementation is customized to address pre-existing conditions at the state level.

Problem

Regarding pay-for-performance programs, the policy process is only referenced in the literature to the extent that researchers caution districts not to adopt such politically challenging and unstable programs without careful consideration (Kelley & Odden, 1995; Morgan & Schiff, 2010; Podgursky & Springer, 2007). However, the design of state policies is an important factor in the success of local implementation (Elmore, Abelman, & Fuhrman, 1996). As the federal government creates incentives for states to change policies through RTTT, how will the states respond? Will their responses live up to the original intent of the federal program? How will states organize for and initiate implementation? And, given that these pay-for-performance policies can be controversial, how do the policy actors make sense of the federal policy strategy within their local context?

In response to RTTT, participating states have made significant changes to their education reform strategies. Some states passed new laws designed to improve teacher quality; other states created new state departments to oversee the grant; and, all participating states have new education reform policies aligned to the federal agenda. RTTT represents a significant departure from traditional categorical aid programs from the federal to the state agencies, focusing both on policy change and on programmatic implementation. This shift has

implications for both participating states and nonparticipating states, as well as the future federal policymaking.

The participating states receive additional funds, which are applied against the specific plan of action outlined in their proposals. States are accountable for those deliverables, including self-defined performance measures such as the design and implementation of principal pay-for-performance strategy in targeted districts. How do these winning states organize their policy responses and plan for implementation of these programs? And, if states design policies and develop implementation strategies to address their local context, what difference does that variation make to the overall federal strategy?

Purpose and Research Questions

This research documents how three winning states responded to RTTT and determine how they aligned state strategies with federal expectations. Focusing on the specific policy of principal pay-for-performance, also known as “merit pay,” the study traces the evolution of that policy in politically diverse states of Tennessee, Delaware and Massachusetts. The research is particularly interested in documenting how the policy was developed and how it plans to be implemented both at state and district levels.

The multiple cases examine the implementation of principal pay-for-performance strategies within the federal RTTT program from the perspective of policymakers responsible for implementing it in states. Because this study documents the experiences of policymakers within the policy process, this study relies on two complementary theoretical frameworks: (1) sense-making, which values the ongoing experiences and opinions of policy actors in the policy process; and, (2) motivational theory, which helps explain why policy actors believe the policy

will or will not work. No one theory is expected to have the greatest explanatory power, and this study aims to utilize elements of each theory to explain the state policy making process in the context of the federal RTTT grant.

The following research questions guide this study:

- 1) What is the state's strategy for principal pay-for-performance? Why was it designed in that way?
- 2) How was the policy developed and how will it be implemented both at state and local levels? How do these perceptions compare with the perspectives of selected policymakers at the national level?
- 3) What is the expected and perceived impact, according to selected administrators at the state and district level, of the policy after one year of implementation in the selected states? How does this compare with the perspectives of selected policymakers at the national level?

Significance and Implications

As the federal government creates more incentives for tighter coupling of state and federal education policies, the way in which states organize and interpret those policies is critical to their success. While some states and many districts have designed and implemented versions of a principal pay-for-performance policy (Heneman et al., 2007; Podgursky & Springer, 2007), there has been no research on this controversial issue as part of a policy process. This study is timely, as states are beginning to initiate policies within the context of RTTT and pay-for-performance has become a lightning rod that challenges even its most ardent supporters.

This study informs both researchers and policy practitioners. By focusing on the single policy of principal pay-for-performance during the early stages of policy formation and design,

this study contributes to the theoretical literature that describes the complex process of implementation. This study also contributes to literature on the policy process, by providing rich descriptions of policy design in multiple contexts. Researchers interested in the efficacy of pay-for-performance programs may be informed by this study's description of the policy process through which these programs were created and various political environments. How the policies emerged and evolved establishes a context for evaluators of these programs. This research provides multiple cases that detail policymaker intent, specifically addressing the intended and unintended impact on public education.

Furthermore, this study is significant because it informs federal policy makers who are interested in driving change to improve educational outcomes in the states. Strategies such as competitive funding depend on the willingness of state policy actors to comply with federal guidelines and intent. Without understanding how state policy makers make sense of federal expectations, coordinate state responses and align policies to local contexts, federal programs will have difficulty reaching their intended targets. Finally, this study informs the knowledge base for policy practitioners faced with the challenge of implementing pay-for-performance strategies, by documenting the various design strategies, presenting findings and suggesting recommendations for future action.

Overview of the Research Procedures

This study utilizes a case study methodology to understand the complexities of the policy process and the alignment between state and district practices within a specific context (Stake, 1995). The development of state policies related to principal pay-for-performance is explored using a cross-case analysis of multiple cases (Eisenhardt, 1989; Merriam, 1988; Pereira &

Vallance, 2006; Stake, 2006) through the lens of sense-making (Spillane, Reiser, & Reimer, 2002b).

Yin (2009) describes a case study as “an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident” (p. 18). In order to understand the development of pay-for-performance policies within states at this time, the context and intent of the federal RTTT grant competition is critical. The development of these state policies cannot be cleanly separated from the federal context and this research seeks to understand how the states made sense of that federal context.

This study utilizes standard case study methodology, such as interviews, document analysis, coding, data analysis and interpretation (Stake, 2006). The multi-case strategy allows for cross-case comparisons, creating more generalizable findings and a broader understanding of the RTTT program itself. To understand the state policy process in response to RTTT, participants in this study include state policymakers, such as personnel from the state education agencies, the office of the Governor and legislators. Other critical state partners also serve as informants, such as leaders from professional associations and advocacy organizations. Because the state RTTT plan is implemented at both the state and district levels, at least one school district leader from each state is included in the interview data.

Each of the cases is built on data from both interviews and document analysis. The documents include RTTT proposals, grant reviewer feedback and the required memoranda of understanding between participating districts and the states. Documents, such as state legislation, regulations, and meeting agenda, provide information about the formal policy process. Publicly available information on the states and their communities, such as economics, political climate,

school performance and student demographics, create a context for each state case. Other documents, such as news reports, white papers and blogs provide evidence of the environment in which the policymakers are operating. In addition to these data on the state policy process, the research includes a document review of local press and publicity regarding the RTTT announcement and subsequent analysis and public reports. This background information was used as preliminary data to inform the interview process and paints a richer picture of the state at the time of the RTTT announcement and during the first year of implementation. Information from both interviews and documents provides the necessary data to document the policy process, understand the nuanced interpretation of the federal policy within the state context and identify common themes across the three cases.

The research begins with an overview of the literature on principal pay-for-performance, federal program implementation and the policy process. The research questions were generated based on the gap in the literature regarding the response of state policymakers to federal incentives. From the research questions, a semi-structured interview protocol was created to broadly investigate the experiences and opinions of the informants who are participants in the policy design and RTTT implementation. Each state case may have up to ten informants, targeted using a snowball procedure. The data were coded and individual cases written detailing the context, policy process and the implementation strategy for principal pay-for-performance policies. The data were analyzed both within and across cases, resulting in overall findings.

Organization of the Dissertation

Chapter One describes the purpose of the study, the background and rationale for the study, the research questions, the significance of the study and an overview of the study's

research procedures. Chapter Two presents a review of the relevant literature for both the policy and the theoretical frameworks. The policy literature includes an overview role of the federal government in education and implementation theory, with a specific eye toward policy tools. The interpretive frameworks addressed are sense-making and motivational theory. Chapter Three describes the research strategy and methods in detail, including descriptions of the data collection and analysis procedures. A discussion of reliability and validity strategies, as well as the limitations of this research, concludes the chapter. Chapters Four through Six present each of the individual case studies from the three states. Each case includes an overview of the state RTTT proposal, with particular attention paid to activities related to principal pay-for-performance, a description of the state policy context relative to educational leadership and pay-for-performance, the analysis of the individual case. Findings are presented from the data using a common analytic framework. Chapter Seven details the cross-case analysis findings. Chapter Eight presents a summary of the study, including implications for further research and lessons for policymakers.

CHAPTER 2

REVIEW OF THE RELATED LITERATURE

Overview

The purpose of this study is to understand the how states responded to the federal Race to the Top (RTTT) grant competition and determine if they designed and initiated the federal policies with fidelity. Focusing on the specific policy of principal pay-for-performance, also known as “merit pay,” the study traces the evolution of that policy in the context of three winning states. The research questions guiding this study are: (1) What is the principal pay-for-performance policy created by the states, (2) How was the policy developed and how will it be implemented, and (3) What is the expected impact of the policy? The literatures reviewed in this chapter include context literature on the federal role in U.S. public education and research on the use of policy tools for program implementation. The two theoretical frameworks considered in this study are sense-making and motivation theory.

Federal Role in Education

In designing RTTT, the U.S. Department of Education (USDOE) built on over 40 years of federal and state education reform policies, extending the role of the federal government in state k-12 education policy and consolidating a focused agenda around student performance, clearly defined content standards, quality teachers and leaders and a commitment to school improvement. Each of these agendas has roots stretching back to the original creation of the

Elementary and Secondary Education Act (ESEA) in 1965, culminating with the passage of No Child Left Behind (NCLB) in 2002 (DeBray-Pelot & P. McGuinn, 2009; McDonnell, 2005; Murphy, 1991).

Before NCLB, federal education reform activity was a critical component to the larger 1960s Great Society policy agenda of eliminating poverty and equalizing economic opportunity. When passed in 1965, the legislation had broad popular and political appeal, because “it spread federal dollars around the country with few stipulations and virtually no accountability for student achievement” (DeBray-Pelot & P. McGuinn, 2009, p. 17). This “equity rational” focused on equity of resources, especially for those students with the greatest need and made no attempt to alter the core business of education. That responsibility continued to rest with the states and districts. At this time, the federal role was to balance the resources available for education. As Murphy notes, the “central thrust of ESEA [was] to eliminate poverty” (1991, p. 14). However, because of existing institutional structures and the inability of the federal government to affect significant change at the local level, ESEA was “unable to make the education of disadvantaged students a top propriety for local districts.” (Kantor, 1991, p. 47) Nonetheless, ESEA was able to institutionalize the federal role in improving education for low-income children.

As described by DeBray-Pelot and McGuinn (2009, p. 17), this era united liberal and education groups eager to expand funding for schools and education programs, while conservative groups simultaneously fought to limit federal spending in education entirely. Key interest groups in education during this era were representative of educators. The two teacher unions, the National Education Association (NEA) and the American Federal of Teachers (AFT), worked closely with groups representing state and local education leaders, such as the Council of Chief State School Officers and the Council of Great City Schools. During this time, the

teachers unions grew dramatically while those in the private sector declined in membership. As detailed by Lieberman (2000), private sector union membership dropped from a peak of 17 million in 1970 to 9.3 million in 1998; at the same time, teachers union membership increased from 766,000 in 1961 to 2.4 million in 1998. Unions became a powerful political force and were closely aligned with the Democratic Party. In general, unions supported the status quo, which increased funding and opposed policies seen as threats to traditional collectively bargaining powers, such as charter schools, accountability, and rigorous standards (Cibulka, 2000; DeBray-Pelot & P. McGuinn, 2009, p. 18). Conservatives sought to limit the role of the federal government in education, but for very different reasons. Guided by a philosophy that the best government involvement was no involvement at all, conservative political agendas included support for policies that supported local control, such as vouchers, and opposition to policies that expanded intervention, such as rigorous standards and accountability.

While motivated by divergent philosophies, both liberals and conservatives sought to “preserve the old education policy regime” and limit “expanded federal efforts to promote school reform” (DeBray-Pelot & P. McGuinn, 2009, p. 20). This shared objective successfully limited reform efforts and did not change the federal role in education during this era. As a result, spending did increase and programs expanded incrementally, but that expansion took place within the original equity framework of ESEA.

The publication of *A Nation at Risk* in 1983 (National Commission on Excellence in Education, 1983) cast a light on student achievement, challenging the traditional equity model that defined the previous era. While the report did not have immediate impact on federal policy (DeBray-Pelot & P. McGuinn, 2009, p. 22), it did initiate a new conversation around education policy. That conversation continued on the national stage when President Bush convened a

conference of the governors in Charlottesville in 1989, which promoted the adoption of voluntary national academic standards. While mostly symbolic, these national efforts led to aggressive state policy responses during this time, which increased accountability for student performance and increased the rigor of academic standards (Elmore et al., 1996; L. D. Fusarelli, 2005, p. 121)

This activity at the state level revealed gaps in federal policies and created some urgency for increased federal role in education. Some reformers, disenchanted with the slow pace of reform at the state level, saw federal authority as a vehicle to accelerate necessary change. This trend is best exemplified by the governors, who advocated for increased federal involvement as a way to “borrow strength” and accelerate their state education reform agendas (Manna, 2006). Additionally, business leaders became increasingly concerned by international comparisons of worker training and productivity. They, too, sought to increase the federal role in education reform to support these interests.

Cibulka (2001) calls this new framework the “new politics of education productivity,” which has created a national discourse to set education agendas. Cibulka sees this new framework as changing the way discourse on education policy is conducted and altering perceptions of common interests. For example, he notes that “Even advocates for greater equity now frame their arguments within the relatively narrower logic of economic development, such as preparing youth for competition in a global knowledge-based market. The disparity in achievement between minorities and Whites is treated as an achievement gap rather than being framed within an equity argument.” (2001, p. 34). This movement away from equity of resources and toward equity of performance, a growing focus of state policy activity, was now moving into the federal agenda.

The passage of Goals 2000, under Democratic President Bill Clinton, solidified a federal policy agenda that valued standards, testing and accountability. These reforms were not mandated and encouraged states to align to the federal policies. Though these reforms passed as changes to ESEA in 1994, they were weakly enforced following pressure from both liberals and conservatives, who were equally dissatisfied with the reforms. Liberal groups worried that the reforms would detract from critical resource and equity issues, while conservative groups feared increased an increased federal role.

From 1994 to 1996, Republicans led a concerted effort to drastically reduce the federal role in education, proposing to eliminate the USDOE and calling for a federal voucher program. Such policies, however, were not supported by the American public (Debray, 2006; P. J. McGuinn, 2006) and conservative policy entrepreneurs began to put forth an alternative policy agenda to reform education rather than dismantle federal involvement. That new federal agenda was built on the foundations of Goals 2000 and addressed the variability in state policies that had emerged over the previous decade.

With the passage of No Child Left Behind (NCLB) in 2001, the federal government significantly expanded its role. Whereas Goals 2000 had encouraged states to align state policies to the federal agenda, NCLB required states to test more and set more ambitious improvement goals for their schools, prescribing sanctions for those schools which failed to meet those goals (Goertz, 2005). Some scholars argue that No Child Left Behind (NCLB) signified a new paradigm in federal and state relations on education (P. J. McGuinn, 2006; Wong & Sunderman, 2007). Others cast it as an extension of federal behavior that began with the Elementary and Secondary Education Act in 1965 (McDonnell, 2005). Either way, NCLB and its heightened emphasis on accountability, teacher quality and school performance, institutionalized a

relationship between the federal government and the states in which states receive federal funds on the condition that the federal agenda is implemented. Now, nearly a decade into the implementation of NCLB and on the cusp of the reauthorization of ESEA, RTTT reflects a strong continuation of federally-driven education reform aimed at the states.

New Federalism

The RTTT competition is an evolution of New Federalism, a political philosophy that streamlines the role of the federal government (T. J. Conlan, 1984) and makes states the primary source of policy innovation (Ferejohn & Weingast, 1997, p. 160; Oliver, 1991). Typically, New Federalism is operationalized by the federal government giving block grants to the state to address policy priorities, which characterizes the evolution of education reform since 1965. These grants do have conditions, required or prescribed activities, which serve as mandates to local and state governments, imposed by federal regulations. This type of funding increases the dependence of states to the federal government. As described by Greenblatt (2010), “With so much money being transferred from Washington to state capitals, the administration is practicing what might be called golden-rule federalism: Whoever has the gold makes the rules” (p. 8).

While these block grants did provide funding to states and localities, “collaborative policymaking was viewed as a nuisance” (Kelly & Ransom, 2000, p. 65). Decentralization began to feel less like empowerment and more like regulation. Bowman and Pagano (1994, p. 1) call this type of federalism “black tie” federalism, where state policymakers were invited to participate in public social events, but not into the back rooms where policy was made. Throughout the evolution of new federalism, researchers have criticized it for increasing

inequities within society and across jurisdictions and failing to improve government services (McKay, 1985; Schaefer, 1998; Wrightson & T. Conlan, 1989).

Within a New Federalism framework, responsibility for and execution of programs and services moved from the federal to the state and local governments (Wineburg, Coleman, Boddie, & Cnaan, 2008). The operational details and required policies were left to the states while programmatic objectives were set by the federal government (Peterson, Rabe, & Wong, 1986; Wong, 2008). The federal government did not interfere with local issues and would not explicitly promote policies, such as minimum wage increases, because they constrained state initiatives (Ferejohn & Weingast, 1997). In education, these block grants have deep reach into school operations, but that reach is compartmentalized into the programmatic area of funding and districts have some flexibility as to how to reach their programmatic goals (McDermott & Jensen, 2005).

Title I, for example, provides funds to states for the education of low-income children and is granted to the states. While the states follow the regulations prescribed by the grant, they have responsibility to implement the program and ensure services are delivered to targeted student groups. While a policy goal – such as the improvement of education for low-income students – is funded by federal grants, the practical implementation is left up to the states and districts. Theoretically, states can innovate to address local conditions and successfully implement the funded program or policy. This devolution results in variations between states and potentially puts the achievement of more national goals at risk (Golden, 2005, p. 3).

RTTT as an extension of new federalism

RTTT extends this new federalism and creates a new arena for state policy-making that tightens the allowable variation of state policies that govern k-12 education. The broad policy goals are still set by the federal government, but state reforms must be lead by the Governor and reflect a state-wide systemic reform agenda. In RTTT, the funds are not easily boxed into program areas or targeted services because the reforms are aimed at the state policy level and provide funds for local implementation of those policies. The critical political arena for engagement with RTTT is the state, not the district, school or classroom. Mazzone (1991) defines the arena as a “decision site” where participants interact and reach agreement based on the institutionalized “rules of the game.” Part of the RTTT agenda is to leverage the traditional block grants to create a new policy arena, which includes partnerships between the State Education Agency (SEA) and the Governor’s office and reconceptualizes the relationships between the SEA and the Local Education Agencies (LEAs). In order to be competitive for this grant, state policy-makers must unite to show not only need, but a strong track record of successful education reform activities and a commitment to the USDOE’s policy goals.

Unlike traditional New Federalism activities, many of the USDOE’s policy goals require political action to reform existing state policies, expecting states to have a strong consensus for policy action rather than simple regulatory compliance. RTTT funds are valuable because they support the implementation of the state’s systemic education reforms, but those reforms are clearly defined by the rules of the RTTT competition. States that are not already engaged in these education reform areas and states that do not have the political consensus to support needed policy changes are not competitive in RTTT. As noted by the Broad Foundation during the

public comment period in August 2009, “past performance is the best indicator of future performance” (Mcneil, 2009b).

New Federalism applied to this research

The framework of New Federalism, in which states implement a federal agenda, informs this research in three ways. First, RTTT is an extension of existing state and federal relationships, which creates the context framing each of the cases. The historical relationship, especially since the initiation of NCLB, is part of background necessary to interpret the current policy process, determine the “rules of the game,” and are foundational data in each case. Second, the RTTT competition created a narrow set of policies with clear performance measures within which states could function. While states have some control over the exact policy and program strategy, the winning states have been judged to be the most faithful in their ability to interpret and implement federal expectations. Consequently, the degree to which these states are really innovating is a test of New Federalism principles. Third, the expectation of RTTT is that states will both implement programs and reform state policy. Such policy change requires broad consensus across multiple coalitions and requires policymakers to come to their own understanding of policy so that they can both advocate for it and implement it effectively. How the states built the necessary consensus, the compromises that were made on controversial topics such as pay-for-performance and the dynamics of the relationship between the state and federal policy actors are critical factors in this research.

Implementation Theory

Within the federal RTTT program, this research spans only the initial stages of policy implementation in the states, as data are gathered during the first year of the grant immediately following the RTTT award. While implementation research generally looks at the implementation of programs and policies over time, this framework, especially the choice of policy instruments by federal and state policymakers, provides a useful lens through which policy decisions and policy actors' beliefs can be analyzed.

Implementation of state policy

Research suggests that districts are instrumental in the implementation of state education policy (Datnow, Hubbard, & Conchas, 2001; Elmore & McLaughlin, 1988; Fairman & Firestone, 2001; Firestone, 1989; Mangin, 2009; Spillane & C. L. Thompson, 1997). But what is the role of states in implementing federal policy? The "steady work" of American educational reform (Elmore & McLaughlin, 1988) has undergone a significant revision since the early 1970s. According to Odden (1991), at that time, education reform was defined almost totally by policy implementation researchers in terms of how localities lacked both the "capacity and the will" to implement the Title 1 programs associated with the Elementary and Secondary Education Act legislation (ESEA). Since that time, implementation researchers extend the framework to include not only how to make policies and programs work, but also the likelihood of policy adoption (F. S. Berry & W. D. Berry, 1990; Mintrom & Vergari, 1998), the conditions for policy implementation (Elmore et al., 1996) and whether or not the desired impact had been achieved (Bishop, 1998; Carnoy & Loeb, 2003; Lillard & DeCicca, 2001).

For example, Mintrom and Vegari (1998) found that states are more likely to adopt school choice legislation if it is not an election year, if a greater percentage of the state's schools are private and if neighboring states have considered school choice legislation. Researchers using event history analysis are able to identify common factors that tend to impede or support policy adoptions, such as partisan gubernatorial control, classroom spending, private schools, education finance litigation, and minority representation (Levy, 2010; Mintrom, 1997; Wong & Langevin, 2007). By using qualitative research methods, particularly the use of interviews with policymakers, researchers are able to sort out the complexities of state-specific or regional characteristics that may impact diffusion and adoption (Cohen-Vogel & Ingle, 2007; McLendon, 2003; McLendon, Heller, & S. Young, 2005).

Similarly, Ingle, Cohen-Vogel and Hughes (2007) looked at the policy adoption patterns for merit aid programs in the Southeast. Eight of the 11 states in this one region of the country had already adopted the policy at the time of the study, suggesting that the question of policy adoption required a more detailed analysis of individual state characteristics. The researchers used two data sources. First, by looking at archival documents, they gathered available information on the states' efforts to adopt the policy. Second, they conducted 40 interviews with 38 key policy actors in the 11 states. The actors were selected purposively based on their role to develop and/or adopt policies in their states. Researchers conducted semi-structured interviews, which were coded used theory-based categories based regional diffusion frameworks, including proximity, interstate competition, party politics and economic indicators. As a result of this additional qualitative analysis, Ingle, et al are able validate the findings from quantitative data, such as political opposition and economic situations and highlight the importance of policymaker decisions and intrastate influences on policy adoption.

Elmore, Abelman and Fuhrman's 1996 study of state accountability systems documents how a general policy, at the early stages of adoption at the state level, is understood and organized in the state context. Building on a national survey of state school superintendents, Elmore et al studied the issues surrounding the establishment of statewide performance-based accountability systems. To better understand the policy design process and the conditions for implementation, the researchers chose to study two states in depth, Kentucky and Mississippi. These two states were chosen because they were at similar stages of policy development, even though they had very different political contexts. In comparison with the other states, Kentucky and Mississippi were early adopters, jumping ahead of an emerging national trend that was still under debate in many states.

The detailed state-based data collection allowed the researchers to describe in depth the conditions for policy development, implementation and politics. The authors use these three areas to frame their research because they observed "that all attempts to change relationships among actors in complex governance structures entail [these] three types of problems" (1996, p. 68). Elmore et al hypothesized that these problems would create design issues for the new accountability systems. How these two states overcame those issues would be instructive to the designers of other state systems, and, ultimately, inform the national debate on NCLB and the capacity of states to implement that federal reform.

This type of multi-case structure allowed Elmore, et al to make strong generalizations about the issues states would likely face if implementing a performance-based accountability system. They found that stakeholders and policymakers had an ambiguous understanding of standards that affected the quality of the implementation. They also found that the technical demands of the system could overwhelm the original intention of the policy, potentially putting

the whole policy at risk (1996, p. 96). This implementation study suggests that by deeply understanding the early adopter states, broader generalizations will inform future adoptions.

Compliance research

Following NCLB, a plethora of new research emerged measuring state compliance with the federal law. This type of research, which serves to describe the current environment or policy addresses early implementation strategies and supports important elements of context and local decision-making that are relevant to this study. Research on state compliance tends to occur in the early phases of implementation, serving as a measure of current progress and recommending needed changes to ensure implementation is align with the original policy intent and objectives.

One type of compliance research assesses the degree to which new policies were enacted by the states. Policy surveys, such as those conducted by *Education Week* (Olson, 2003), utilize data from policymaking organizations to catalogue and confirm existing policies. This type of research serves to describe enacted policies and is used to benchmark state progress along a set of pre-determined criteria. Other examples include annual reports, such as the Measuring Up report on state higher education policies (National Center for Public Policy and Higher Education, 2008), Challenge to Lead, on the status of state policies in school leadership (Southern Regional Education Board, 2007) and the State Teacher Policy Yearbook (National Council on Teacher Quality, 2009).

Other compliance studies use publicly available information through agency websites to gather and confirm information, in addition to surveys and interviews. Bolt, Krentz and Thurlow (2002) conducted a web based analysis of state accountability systems for the purpose of

describing those systems and to determine if publicly available information made the accountability calculations clear. Then, building on the information they had already gathered, Bolt et al. contacted state accountability and Title I directors to provide additional information. This triangulation of the data better ensures the accuracy of the findings.

These compliance studies paint a picture of current rules and regulations, without detailing or analyzing the degree to which those rules are actually implemented. However, they do suggest trends in how states have interpreted federal guidelines and suggest barriers to implementation (Goertz & Duffy, 2001; S. S. Lazarus & M. L. Thurlow, 2009; Wanker & Christie, 2005). For example, Thurlow, Lazarus, Thompson and Morse (2005) conducted a longitudinal analysis of state policies regarding assessment systems and accommodations for students receiving special education services. While the research started out as a simple policy survey of 2001 rules regarding student accommodations (M. Thurlow, S. Lazarus, S. Thompson, & Robey, 2002), a series of annual surveys revealed that state policies were becoming increasingly specific. The authors were then able to describe not only how state policy had changed, but also analyze differences among current policies and describe implications for both state and district policymakers.

RTTT as a policy instrument

McDonnell and Elmore (1987) argue that implementation research should focus on describing the purpose, potential, and outcomes of applying policy instruments, rather than on describing the successes and failures of specific programs or policies. They define policy instruments in general as "mechanisms that translate substantive policy goals into concrete actions" (1987, p. 2). In particular, they also define five categories of policy instruments in order

to determine under what conditions various instruments are "most likely to produce their intended effects" (1987, p. 2). These categories include: 1) mandates, 2) inducements, 3) capacity-building instruments, 4) system-changing instruments, and (5) hortatory instruments. Descriptions of each and their relative relationship to RTTT follow.

Mandates. Mandates are a common and familiar policy tool, such as laws, rules and regulations. With a mandate, rules are made and compliance expected. Mandates do require some form of enforcement to ensure compliance, which could be anything from a fine, a penalty (such as reduced funding) or court action. Schneider and Ingram (1990, 1997) alternatively describe this type of policy tool as an "authority tool" because it prescribes desired behaviors. Examples of mandates include compulsory school attendance or the requirement that all public school educators must be certified by the state.

RTTT is not a mandate, because states voluntarily choose to participate in the grant competition and all states have an equal opportunity to receive grant funds. Because the funds used for RTTT are in addition to formula-driven funding rather than in lieu of it, no state is adversely affected from a financial point of view. However, states that choose to participate in RTTT must comply with the assurance areas and create local mandates. For example, districts must be able to use student achievement data in teacher evaluations. Some states have laws on the books prohibiting this use of student achievement data, so in order to be competitive those states have passed new laws removing that firewall. As a result, from the perspective of local educators and education leaders, parts of RTTT may feel like mandates because the state laws will change.

Inducements. When policymakers offer rewards of money or authority in return for something desired by policymakers, the policy instruments is inducements. Direct financial

rewards or transfers of funds are one of the government's primary levers to achieve valued results or behaviors. The inverse of an inducement, when there is a penalty for misbehavior, is called a sanction. For example, teachers in high-need areas may have their student loans forgiven or a school district may be required to establish an interagency council to receive grant funds for an after-school program.

Inducements and mandates are often confused when defining policy implementation and McDonnell and Elmore (1987) identify three specific differences between them.

1) mandates use coercion to affect performance, while inducements transfer money as a condition of performance; 2) mandates exact compliance as an outcome, while inducements are designed to elicit the production of value, and 3) mandates assume that the required action is something all individuals and agencies should be expected to do, regardless of their differing capacities, while inducements assume that individuals and agencies vary in their ability to produce thing of value, and the transfer of money is one way to elicit performance (1987, p. 10).

Because RTTT is competitive, it appears to support local initiatives and state reform strategies that are valued by the federal government. In presenting RTTT, President Obama describes the program as “Washington energizing diverse communities of reformers, locality by locality, and giving them more leverage in their struggles against the defenders of the status quo” (USDOE, 2010a). This strategy is not command-and-control with mandates, but one of incentives that support needed reforms.

Using the first of McDonnell and Elmore's criteria, RTTT appears to be a mandate and not an inducement, because it is designed to affect performance by creating the policy conditions under which schools will improve. However, if the outcome of RTTT is more narrowly defined as creating those policy conditions, such as using student achievement measures as an indicator of principal quality, then RTTT rewards those states who have successfully created those policy

conditions. Given the high degree of state policy activity in advance of the actual grant award, it would appear that RTTT is an inducement.

Second, RTTT does not in and of itself require compliance, as states have the option not to apply. However, some elements of RTTT connect to other agency policies, such as Title I. The adoption of “college and career ready standards” is tied to Title I funds and is also a basic requirement of RTTT states. While the exact standards are not mentioned by name, creating some looseness in state implementation, there are only two possible choices and one, the Common Core, is widely perceived to be favored by the administration (Palmieri, 2010). Additionally, the allowable school turnaround strategies provide very specific boundaries within which states can support school reform efforts. These are the same guidelines used in the School Improvement Grants, within the Title I compensatory funding that broadly applies to all states receiving Title I funds. From this perspective, specific elements of RTTT function as mandates for states, but the comprehensive nature of RTTT is still an inducement.

McDonnell and Elmore’s third criterion focuses on the varying capacities of states to successfully implement the desired reform strategies. It is the nature of the competition that not all states win. The RTTT grant requirements suggest that not all states are eligible to apply, based on the priority and assurance areas. First, RTTT has 19 priorities that comprise “competitive” applications and no state will win unless all 19 are fully addressed in both policy and practice. How a state chooses to achieve those priorities is up to the state. The fact that all must be addressed indicates a tightly controlled federal reform strategy, but a controlled inducement and not a mandate. Mandates would require compliance without the enticement of tangible incentives.

Capacity-building Instruments. Capacity-building is a set of policy initiatives focused on producing some desired benefit in the future. Unlike inducements and mandates, which have “proximate and tangible effects” (McDonnell & Elmore, 1987, p. 11), these policies are generally concerned with developing future potential and are usually difficult to measure. For example, funds are provided to a state department of education to conduct professional development for teachers on new mathematics standards. As another example, the state could require districts to involve teachers in the establishment of school improvement targets. In each case, the policy objective is to build the capacity of individuals and organizations to improve their future work.

The RTTT application requires states to articulate their capacity to implement the strategies outlined in the grant proposal. While states must meet the four assurance areas described above and present a comprehensive plan to reform K-12 education, the application also requires states to provide evidence of the stakeholder support, current progress in education reform, current education funding, plans for the funds, and a commitment to publicly report progress.

In addition, the state application must situate the proposed activities in the current conditions of state policymaking, called “Reform Condition Criteria.” States must articulate the extant policies that create the conditions necessary to achieve reforms, indicating the state’s current level of preparedness to actually implement the proposed plan. In addition, the state must argue that the current conditions are sufficient to accelerate future reform plans, called “Reform Plan Criteria.” Each state application articulated planned future reforms to accomplish the overall goals and the goals of each assurance area. The state plan focused on the state’s capacity to sustain and implement proposed reforms at both the state and local levels. Each

Reform Plan Criterion had an associated performance measure, for which states set annual targets.

Given that RTTT prioritizes the state's current education policy conditions and requires such robust evidence of current state capacity to implement the reform strategies, RTTT cannot be considered a capacity-building policy tool from the federal perspective. The funds are used by states to provide training and support to district and school-based educators, building capacity at the local level that may not otherwise develop without the additional federal funds. However, the intent of the federal policy is not solely to build capacity. Rather, capacity building is a necessary implementation strategy for the states. It appears that capacity-building is a substrategy of the RTTT policy tool, as states are required to demonstrate existing capacity and most invest in state, district and school capacity building as part of their proposed action plans. While states build capacity as a result of their participation in RTTT, capacity building is a happy byproduct of the states' plans to successfully implement the federal policy strategy.

System-changing Instruments. The fourth and final category defined by McDonnell and Elmore is system-changing instruments, which focus on altering the structure of a system. This change may involve broadening or narrowing the targeted system and transferring authority. The result the change is a new structure or method for delivering goods or services for the purpose of greater efficiencies or impact. As an example, a school district could transfer hiring authority from the central office to the building level.

RTTT builds upon the existing governance structures in each state, requiring leadership by the Governor and signatures from the Chair of the State Board of Education and the Chief State School Officer. For some states, unifying these political players in a public partnership reflects a significantly new way of doing business. By placing the primary authority of the

state's application in the hands of the Governor's Office, the USDOE clearly deviated from traditional federal-state funding relationships, where the department had worked most closely with the state education agencies. However, this sign-off process does not necessarily change the structure of the current system.

As states designed delivery systems to meet the expectations of RTTT, the status quo necessarily would have to change in order to meet the increased demands placed on the education system by the infusion of funds. In the implementation proposals, some states, like Georgia, do create new administrative offices to support the RTTT work, combining the authorities of two different state agencies in an effort to streamline and coordinate the work from the state. Other states, like Delaware, embed all of the RTTT work within existing state agency responsibilities. This expansion of current systems and/or the design of new systems suggest that systems will certainly change as a result of a state's implementation of RTTT. Like the increased capacity, a new system – with broad political and stakeholder support – is a substrategy of RTTT, but not its primary policy tool.

Hortatory Instruments. This fifth category was created by McDonnell, following her 1994 work on student assessment policy. She proposed this category because student assessment policy, new on the federal and state landscape, did not fit neatly into any one category. This policy is a blended tool, with qualities of mandates, inducements and system-changing instruments. In addition, what set assessment policy apart from the existing categories, was its assumption "that people are motivated from within and decide whether or not to take policy-related actions on the basis of their beliefs or values" (p. 398). A hortatory instrument grounded in assumptions and focuses on changing behaviors by persuasion or "cajoling" (Schneider & Ingram, 1997) aligned with current ideals. For example, assessment policy is premised on the

assumption that people will act on information. Hortatory instruments must be linked with other policy instruments in order to be effective.

Based on the analysis of the first four policy tools above, RTTT is predominantly an incentive policy tool, but contains elements of the others as a consequence of the scope and scale of the education reform activities required by states. Educators will certainly experience RTTT as a mandate; states will be rewarded for changing their policy environments; new systems will be designed to support the implementation, and; all participating districts will use RTTT to invest in professional development. Therefore, RTTT is most appropriately described as a hortatory policy instrument.

Similarly, the pay-for-performance strategy embedded in RTTT is a multi-dimensional policy tool. The states had to create policies that allowed for the use of student achievement data in principal assessments. For many states, RTTT served as an inducement to this policy change, making such performance assessments and their subsequent rewards possible. State plans to implement new principal assessments require design, development and training for supervisors, a capacity building implementation strategy explicated in state proposals. The system of principal supervision and compensation will be altered, though the roles, responsibilities and governance of school leaders will not dramatically change.

Policy instruments applied to this research

Policy implementation research informs this study in two ways. First, as a hortatory instrument, RTTT and the pay-for-performance strategy are grounded in a set of assumptions about how state policymaking can be improved to better align with federal goals. Peters and Pierre (2003) note that the value of a particular policy instrument is shaped as much by the

political context as by the “inherent features of the instrument” (p. 225). The political factors created an environment that valued innovation, leveraged increased federal funds, and promoted a new administration with a new federal agenda. As a policy tool, RTTT took advantage of this political environment by creating a voluntary opportunity for states to participate while driving a targeted policy agenda promoting federal priorities.

Second, the nature of this policy instrument requires states to construct policies within the framework from the federal government. This is consistent with the iterative nature of implementation and suggests that the state policy during the initiation phase especially will be dynamic. As noted by Datnow et al (2001) “policy is co-constructed and does not flow in a unidimensional, unidirectional fashion from the statehouse to the school door.” How those policies are constructed, how they are understood by policy actors who are responding to local contexts and how they evolve during the early phases of implementation is the focus of this study. This focus on the meaning the policy actors in each state make of the intent of the federal program and the pay-for-performance policy in particular requires an additional analytic lens of sense-making.

Limitations of implementation theory

This research has two natural limitations for the implementation framework. First, this research is concerned with the first year of implementation of the federal RTTT program as enacted by three states. There can be no discernable impact on lagging indicators of success, such as educator quality, school improvement or student achievement in such a short time period. Success factors for the first year of implementation of a policy will be leading indicators, such as

policy enactment, stakeholder support and leadership commitment, which are found more in the policy literature rather than the implementation literature.

Second, I am narrowly focusing on a single policy, principal pay-for-performance, within the larger reform strategies. This policy is intimately connected with and potentially dependent on other policies, such as data systems and teacher pay-for-performance, which have received much more attention in the press and are larger portions of the Race the Top applications overall. It is possible that states may defer action on this policy until the others are in place, which would postpone implementation. As a result, this research around the principal pay-for-performance policies within the RTTT program is less about implementation and more about the initiation of the policy process, including agenda-setting, a factor broadly studied in the policy literature.

Policy Literature: Agenda Setting

The USDOE's RTTT grant competition reflects the role of agenda setting as defined in the policy-making literature. This aspect of the policy process features prominently in the early phases of policy design and implementation of RTTT. While there is clear agenda-setting activity at the federal level, the focus of this research is on the policy action at the state level. States had to coordinate and present a grant application, which required a broad coalition of elected leaders, policymakers and other stakeholders to agree on reform goals, programmatic targets and plans of action. While the RTTT plan does not require full consensus, the proposed plan, including the principal pay-for-performance program, must be implemented by the winning states after they receive the grant.

John Kingdon's multiple streams framework (1995) describes agenda-setting as a critical component of the policy process. Agenda-setting, where "an issue is given the status of serious

matter” (Theodoulou, 1995, p. 88), is complex, involving a dynamic process and a variety of actors, from both governmental and non-governmental institutions. RTTT has received widespread attention, with both supporters and critics weighing in on the strengths and weaknesses of the administration’s strategy. But most analysts agree that RTTT has clearly set the federal agenda (Dillon, 2010a; Gewertz, 2010; Shear & N. Anderson, 2009).

Kingdon’s agenda-setting theory is organized into four broad processes which combine to explain how policy solutions become enacted. First, Kingdon builds on the “garbage can” model of organizational behavior (M. Cohen, March, & Olsen, 1972), where a variety of ideas, politics, solutions, participants and opportunities related to a specific issue come together and interact. This “policy primeval soup” (1995, p. 116) is where new policies ideas germinate and are discussed. Second, all of these ideas are incubated in “policy communities.” The source of these ideas could be from policymakers and are included in the political agenda, but they also emerge from outside the traditional policy actors. These outsiders could include interest groups, think tanks, academics and any other individual or organization activity involved in the proposing solutions. Kingdon dubbed this continual idea generation as the “policy stream” which acts outside the “political stream” to test and promote policy solutions in a particular policy area. According to Kingdon, the political stream includes “election results, changes of administration...and interest group pressure campaigns” (1995, p. 162). Third, “policy entrepreneurs” serve as links between the different streams, marrying ideas with problems. While these streams operate independently, with the policy community generating ideas and the political community building power, a “policy entrepreneur” serves as a link between the streams, marrying ideas with opportunities. Fourth, when the two streams converge, it creates a “policy window” which the policy entrepreneur can take advantage of. When this window

occurs, “a political change makes it the right time for a policy change and potential constraints are not severe” (1995, p. 165). A policy solution is applied a policy problem and a new policy is enacted.

DeBray-Pelot (2007) applied this framework to the public school choice debate between 1999 and 2001, finding that a policy window did open in 2001. This window came as a result of consensus from both political parties that current spending under Title I failed to improve student achievement and the election of a Republican controlled House and Senate. These two streams converged, creating support for significant changes to the existing Federal Title I program. However, DeBray-Pelot also found that the Kingdon model did not fully explain the policy outcome. Congress still failed to pass a full voucher program, despite its alignment with both the policy and political streams. The issue became too controversial for broad scale implementation, but was included in a more “limited and constrained version.” This action did not result in the closing of the policy window, but extended the window and allowed for future action.

Agenda-setting is an early stage in this policy process where an issue moves from “relative obscurity” to high priority and is “positioned for decisive action by government” (McLendon, 2003, p. 482). Some political scientists regard agenda setting as the most critical phase of the public policy process (Baumgartner & B. Jones, 1993; Cobb & Elder, 1983). Agenda setting research is focused on how issues rise to prominence in the first place and is best studied in the context of a policy community “because the impact of the nature of the policy community on the policy process” (Baumgartner & B. Jones, 1993, p. 43). In this study, the issue is principal pay-for-performance and the policy community is the state level RTTT teams that formed to design and implement a state’s RTTT plan.

Sense-making

Because the federal RTTT agenda is tight and because states have little room for variation in the types of policies required to drive education reform, the success of this strategy lies in its implementation by states and in schools and districts. This is a familiar problem for policymakers, one explored by James Spillane (2006) in an extensive case study of the implementation of standards-based reforms in math and science curricula in Michigan from 1989 to 1996. Spillane approaches his study from a “cognitive account” (p. 7), drawing on the sociological and theoretical perspectives of Weick (1995). From a cognitive perspective, a key dimension of the implementation process is how those who implement the policy come to understand their practice, potentially changing their beliefs and attitudes in the process.

Sense-making is an active process and not simply the conscious “decoding of the policy message (Spillane, Reiser, & Reimer, 2002a, p. 391). Sense-making is more than a specific event or even the experiences of a single individual. Rather, it is a reflection of the social environment in two distinct ways. First, it is *collective* because it is shaped by “interaction, signaling and negotiation” (Coburn, 2006, p. 345; Louis, Febey, & Schroeder, 2005; Weick, 1995). It is also situated in a particular *context*, including the policy actors systems of beliefs (Snow, Rochford, Worden, & Benford, 1986; Weick, 1995), the professional culture (Spillane, 1998) and the traditions of the organization (Porac, Thomas, & Baden-Fuller, 1989; Yanow, 1996). Sense-making researchers recognize the way that existing environments shape actors’ interpretations (Fiss & Hirsch, 2005) and how current problems and possible solutions are framed within existing cultural norms (Coburn, 2006).

Researchers have been actively applying this frame in education policy, with a particular interest in the implementation of instructional policies and programs (Spillane, Reiser, &

Reimer, 2002a). Much of this research focuses on the teacher, who, in order to successfully implement new reforms, construct meaning of these policies based on their preexisting beliefs, experiences and current practice (Coburn, 2001; Spillane & Jennings, 1997; Spillane, 1999). School leaders also make sense of new policies as part of the implementation process (Coburn, 2005; Spillane, Reiser, & Reimer, 2002a) and researchers find that this learning is incremental rather than immediate (Barnes, Camburn, Sanders, & Sebastian, 2010). School leaders are able to influence others, especially when they bring resources to bear on the problem (Anagnostopoulos & Rutledge, 2007). Within the school, this framework suggests that the conceptions formed by both the teachers and the principals should be aligned to best move the organization forward (Anagnostopoulos & Rutledge, 2007; Spillane, Diamond, Burch, et al., 2002). Coburn (2006) investigates the micro-process of policy framing in the implementation of a reading curriculum in California's public schools and finds that this sense-making stage of the policy process is "crucial for motivating and coordinating action" (p. 345) at all levels of the organization. At the district level, Mangin (2009) finds that external factors, such as finances, data and other reform efforts influence how the districts understand their relationship with schools.

Using this framework, researchers are less interested in whether or not the policy was implemented and more interested in the "sense-making" of actors who implement policy, which is consistent with "how" in case study methodology (Stake, 1995). The framework is "designed to make transparent the cognitive component of the implementation process by identifying a set of constructs and the relations among those constructs" (Spillane, Reiser, & Reimer, 2002b, p. 388). From a sense-making perspective, policies are not just carried out in an organization.

Rather, policies go through a sense-making process that draws upon the existing knowledge, experience and dominate culture of the individuals and organizations they seek to change.

Spillane details three core elements to this framework: 1) the individual agent, who operates within the organization and within a network, 2) the situation or the environment and how it is perceived by the individual, and 3) policy signals and direction, which include the policy itself, the technical details as well as the broader agenda (Spillane, Reiser, & Reimer, 2002a). This model incorporates both a top-down (the policy itself) as well as a bottom-up (the interpretation of policy implementers) approach to reform. Each of the three framework elements are constantly interacting and, as a result, the “natural sense-making processes can lead to the types of challenges observed in reform efforts (Spillane, Reiser, & Reimer, 2002a, p. 389).

In his 2006 case study, Spillane notes “that district policymakers notice and responded to state policy is not nearly as interesting as how they noticed the standards and what they noticed about them” (p. 61). This framework is an iteration of Weick’s earlier theories on “loose coupling” in organizations, where actors are linked to others in the organization, but may only loosely impact each other (1983). In sense-making, every actor must go through the process of interpretation, response and incorporation. Such a process adds layers of complexity to dynamic organizations and creates a wide variety (or loosely related) implemented versions of the original policy.

Spillane paints a clear picture of this theoretical perspective by likening it to the child’s game of telephone. In the game, where a story is passed along, in secret, from one player to the next, the story inevitably “is morphed as it moves from player to player.” Spillane accepts this result. “This happens,” he notes, “not because the players are intentionally trying to change the story; it happens because that is the nature of human sense-making” (p. 6). This theoretical

perspective is in direct contrast to a rational choice model, in which an actor makes a decision or takes action either for personal interest or for maximum utility. The sense-making framework is generally sympathetic to the policy actors, suggesting that implementation fails even when the actors are well intentioned.

Loose coalitions of policymakers and practitioners work together in the policymaking process. Spillane coins the phrase “interactive policymaking” (p. 48) to describe this interplay between actors at various levels with necessarily lead to compromises. For example, in Spillane’s case study of the Michigan standards-setting process, state officials proposed a test design that emphasized conceptual understanding and utilized open response questions. However, budget and legal concerns only allowed for multiple choice questions.

In Spillane’s framework, sense-making is a “conserving process” (p. 89). As part of this interactive policymaking process, for example, districts quickly engaged in a “flurry” of local policymaking, including alignment, materials development and teacher training. After analyzing the implementation in nine districts, Spillane categorizes six districts as “low support districts,” where modifications and understandings at the district were superficial. Spillane categorizes districts in his study as either “high support districts,” where district policy supported fundamental shift in state policy, or “low support districts,” where district policymakers made little change to the status quo. Spillane concludes that the difference between high and low support districts is rooted in the different understandings of what the standards meant and required. He notes that “most district policymakers understood the reform ideas in ways the preserved conventional views of mathematics and science as procedural knowledge, teaching as telling or showing, and learning as remembering.” (p. 81). In effect, the low support districts lack of fundamental understanding of the content of the policy and their sense-making inhibited

their ability to implement the policy as intended. High performing organizations will have a more robust interpretation of the policy and use it to extend the work they are already doing. Effective implementation comes not from narrow compliance, but from a broad understanding of the intent and expected outcomes (Diamond & Spillane, 2004).

In his final analysis, Spillane finds that successful implementation of state standards depends on what the districts did with them. He notes that districts are active policy-makers, not just policy implementers. They participate in a sense-making process that is time consuming, labor-intensive and fundamentally different work from what is commonly expected of education leaders. In Spillane's cognitive framework, the work of policy implementation requires time, opportunities and a strong culture of collaboration between all actors.

Sense-making applied to this research

Spillane's framework and case study inform this research in three ways. First, participating states have engaged in a "flurry" of policymaking in an attempt to align state reform activities with the national agenda. The RTTT competition draws new partners to the table and requires policy activity at all levels. This activity is set in motion by the federal strategy of heightened competition and rapid planning and will result in wide variations in sense-making among RTTT partners. Second, policy actors will be responding to a variety of external factors, such as public opinion and local political changes, which inform a state's reform agenda and change the conditions for implementation. With different understandings of that agenda and competing priorities within that agenda, the quality of the policy's implementation will be affected and may threaten the viability of the overall reform agenda. Third, the framework values and details the "interactive policymaking" and policy actors' beliefs. As individual policy

actors interpret the policy for both design and implementation, the collective response – codified in this research as a case study – takes into account the context of the policy environment and the intent of the individual actors.

Motivation Theory

The sense-making theory creates a framework for the analysis of policy actors' beliefs and begins to answer questions about the alignment between state and federal policy. However, what policymakers believe is informed by their assumptions about the purpose of the policy and their beliefs about the impact the policy will have on the educational system. The pay-for-performance policy may be considered to be an extension of the accountability system, in which case the policy is simply a piece of the New Federalism framework. However, as policymakers make sense of this policy, they have assumptions about what the policy is intended to do and what effect the policy will have. One explicit assumption of this RTTT policy is that the pay-for-performance will serve as a motivator to improve principal performance and improve student achievement.

There are two theories of motivation that inform our understanding of principal motivation to improve performance. The first, *expectancy theory* (Miskel & Ogawa, 1988; Vroom, 1994), rests on the premise that all behavior is need driven and that people are motivated to act in a way that best leads to the fulfillment of those needs. Expectancy theory suggests that employees are motivated to change their behavior based on two expectations, or expectancies, of their own. One expectation is the degree to which they believe that their actions will impact the results; the second expectation is the degree to which they believe that those results are beneficial to them personally. In expectancy theory, these two expectations, as well as the

personal value the employee attaches to the result, drive behavior. As it relates to principals in schools, expectancy theory holds that in order for principals to be motivated by rewards they must clearly understand the school's performance goals, believe that their behavior has an impact on those goals and that the school's goals are beneficial to them personally.

The second, *goal-setting theory*, suggests that goals can motivate employees if they are specific, achievable, challenging and meaningful (Locke, Latham, Smith, & Wood, 1990; Mento et al., 1987; Milanowski, 1999). In addition, goals for the short term are understood in the context of the longer term and more meaningful and valuable goals (Leithwood et al., 2002, p. 99). In order for goal-setting to have motivational value in achieving goals, employees must be able to identify the gap between current and target performance and then develop strategies to close that gap (Milanowski, 1999, p. 345). Additionally, goal setting theory relies on a close connection between true performance and measured performance.

Outside of the field of education, Mento, et al., (1987) conducted a statistical meta-analysis of the research from 1966 through 1985 on the effects of goal difficulty and goal specificity on task performance. They found that setting clear and measurable goals can motivate employees to higher performance. Specifically, goal difficulty and goal specificity/difficulty were strongly related to task performance across a variety of tasks and in both laboratory and field settings. Therefore, well-implemented goal setting strategies, whether or not they are combined with financial incentives, are a strong motivator. Goals are an integral component to any strategy designed to improve performance and meet organizational objectives.

The concept of *risk* also plays heavily in motivational theory. In order to be motivated by an incentive, an individual must also have a sense of risk for non-performance (Gomez-Mejia et al., 2000). The concept of risk does not frequently appear in the field of education leadership,

perhaps because educators assume a shared commitment to desired student outcomes. However, risk is central in education policy for school accountability. Risk can be shared, as it is in Annual Yearly Progress results, where an entire school or district organization risks consequences from the state. Alternatively, risk can be borne by the individual, as in a personnel evaluation, where the individual risks his or her continued employment.

The value of risk is directly and inversely related to the value a principal has for job security. As noted by Gomez-Mejia, et al., to the extent that employees value employment security, “productivity gains that increase employment risk will lower employee pursuit of performance gains” (2000, p. 501). This proposition implies that an incentive plans that increase risk may actually be counterproductive for those principals who value job security over financial rewards. However, some reward models can have a lower level of risk, such as those that reward above a base salary, and still have the desired impact on performance.

Organizational v. individual performance

While the specific policy expectation for RTTT assumes that individual principals will be rewarded, there is a significant body of literature around the motivational value of organizational rewards (Gomez-Mejia et al., 2000; Kelley, 1999; Leithwood et al., 2002; McAdams & Hawk, 2000). The motivation theory for these rewards is the same as for the individual: employees must believe they can achieve the desired results and employees must value the desired results.

Incentives that reward the entire organizational instead of the individual leader are called gainsharing programs and in education, these programs are often called school-based reward programs. Gomez-Mejia, et al, contend that gainsharing programs, because they disperse risk throughout the organization, “engender a closer alignment between the interests of employees

and those of the firm than do traditional compensation programs” (p. 504). This finding suggests that work is more targeted to reach organizational goals and, consequently, that organizational goals will be reached more quickly. However, the authors also believe that there limits to the such programs and that, in order to have the desired benefit, successful gainsharing programs must include three critical factors: a commitment to the sustainability of the program, clear performance measures that are easily understood, and a low level of external factors that impact changes in performance.

A recent evaluation (Glazerman & Seifullah, 2010) of the TAP program in Chicago found that the implementation of a pay-for-performance scheme failed, in comparison to control groups, to boost student achievement or teacher retention. This finding contrasts with earlier research, which found that the TAP program did produce significant gains in student achievement at the elementary level, but not at the secondary level (Solmon, White, D. Cohen, & Woo, 2007). Notably, the researchers found that when implementing the program in Chicago, the national program model had to be modified to meet local policy conditions. Rather than reward individual teachers for gains in student achievement, “the district spread the bonus funding to teachers, principals and staff” (Sawchuk, 2010). Additionally, because of problems linking individual student achievement data to teachers, the program measured whole school growth and paid bonuses on that measure. The researchers suggest, in these preliminary findings, that the lack of differentiation may have limited the impact of the program. In this case, the whole school reward strategy failed to achieve gains, even when the professional learning, support and expanded career options are in place.

The concept of bonus incentives for individual principals, while controversial, has had both political support and a history of experimentation. The head of one of the national

associations has long supported a bonus incentive system (Tirozzi, 2000). Prior to RTTT, the federal government supported the development and experimentation of such pay-for-performance systems. Congress allocated \$99 million to create the Teacher Incentive Fund in 2006, which supports state and local programs to develop and start individual pay-for-performance plans for teachers as well as principals, based primarily on student performance on tests. The program continues to receive significant support in the annual budget, with more than \$400 million available for fiscal 2010. While none of the grantees focus exclusively on principal compensation systems, many do include principals in their designs (USDOE, 2010b).

Another strategy using individual incentives is to increase compensation for high value positions. For example, North Carolina places a premium on principals in alternative schools, increasing their minimum salary to the third step (Principal III). This type of incentive is designed to reward early career principals for taking on less desirable positions. In the case of North Carolina, the salary differential for a first year principal in a traditional school versus an alternative school, with the same number of students and the same years of experience is \$2500/year (Schauss, 2006).

Not all such incentive programs are state based. In 1999, New York City approved an incentive program to reward principals for working in high-need schools and rewarding the highest performing principals in the district. Under the terms of a negotiated contract, principals working in underperforming schools would qualify for extra pay of \$10,000, and those ranking in the top 5 percent among all city principals would earn an extra \$15,000 (Wyatt, 1999). Nearly a decade later, the district and the union negotiated a maximum \$25,000 bonus for principals who agreed to work for 3 years in underperforming schools (Herszenhorn, 2007).

Intrinsic and extrinsic rewards

Expectancy theory recognizes that in any performance there are various outcomes, both intrinsic and extrinsic, which interact with each other (Leithwood et al., 2002, p. 99). Intrinsic rewards are internal and generally intangible; extrinsic rewards are external and material. Salaries incentives and other such financial rewards are extrinsic, though they may be attached to such intrinsic rewards as pride taken in a job well done or achieving a sense of efficacy. The employee may value some of these outcomes positively and other negatively. In determining how much effort to exert on a particular task or whether or not to take on the task at all, an employee weighs these expected positive and negative outcomes (Mohrman & Lawler, 1996, p. 119).

Fuhrman and O'Day (1996) discuss these trade-offs for teachers, but the same tradeoffs are made for any employee. For example, a principal may value higher student achievement or improved student attendance and may expect high levels of personal satisfaction for reaching those goals. At the same time, that same principal may also expect that the work will create tremendous personal burdens. Because individuals will make different calculations about these intrinsic motivations, Fuhrman and O'Day argue for the consistent use of extrinsic motivations, which have the benefit of being common, public and shared.

Studies of teacher motivations suggest that educators are likely to be motivated by professional efficacy, collaboration and job security (Kelley, Heneman III, & Milanowski, 2002). These are primarily intrinsic rewards, but as noted by Johnson (1986, p. 59), "to say that teachers are motivated *primarily* by intrinsic rewards does not necessarily mean that they are motivated *solely* by them" [emphasis in original]. Since principals are educators, the same can be inferred for them.

Motivational theory related to principal pay-for-performance

While there is an extensive literature on the effects of pay-for-performance in education as related to the teacher workforce, the literature related to principal leadership is much thinner. The studies on teacher effects do underscore the possible intrinsic and extrinsic motivators that broadly resonate in school cultures and are likely shared by principals.

However, as the leader of the school organization, the principal has a unique role and may have different motivational goals. Expectancy theory suggests that in order for individual incentives to be worthwhile, the principal must both believe that the goal is worthwhile and believe that through her efforts the goal can be realized. These beliefs and values of the principal create expectancies. As a result of increased motivation, the principal improves her performance, which then logically leads to improved school performance as measured by student achievement results. This measurement is one of the requirements of the RTTT grant, but is also a common measure in pay-for-performance schemes both in and outside of education (Lazear, 2000; McAdams & Hawk, 2000; Mento et al., 1987). Finally, because the principal achieved the desired results, the principal is rewarded with a salary bonus or cash award. That reward is expected to reinforce the goals and the expectancies, and the process begins anew as a continuous improvement cycle.

In one of the few studies that looked exclusively at principals, Richards and Height (1988) surveyed principals in New Jersey to better understand principal perceptions about such accountability and reward systems. In this study, principals reported a high degree of efficacy in their positions, seeing themselves as much more effective than their peers. Principals reported a clear sense of mission and fully 80 percent strongly agreed that they knew what was expected of them. Principals also report that they see a direct connection between the effectiveness of their

leadership and student achievement. In short, Richards and Height found that principals possessed all of the required traits required by motivational theory to improve performance.

While the New Jersey principals of 1988 operated under a new accountability system that has since been altered, Richards and Height's findings do support the foundational principals of motivational theory as an appropriate use for principal rewards. The principals had a sense of efficacy, they had a clear sense of purpose, and they had an expectation that their effort could improve the school performance. However, these same principals did not perceive that they have the time or ability to improve their performance and did not trust the current accountability system to accurately measure school performance. Most importantly, the surveyed principals had a false sense of their own relative success and overestimate their true performance. As a result of that misperception, any incentive system that accurately assessed performance will likely disappoint many participants.

Limitations of Motivational Theory

As evidenced by the Richards and Height (1988) study of principals, motivation is certainly not a one-size-fits all question. An emphasis on achievement, the hallmark of any incentive or accountability program, may actually lead to dissatisfaction regardless of the results and these incentive programs may not serve to as the intended motivator to improve performance. This result, and other unintended problems, may be due to one of three possible limitations to motivational theory: an assumption that motivation is a factor in performance; the dependence on reported measures of performance, and a preference for extrinsic rewards over intrinsic rewards.

First, not all scholars agree that motivation drives behavior. Schwartz (2009) refutes this core assumption of motivational theory: people are motivated to act and if you give them more reasons to act then they will be more motivated. Motivational theory argues that non-action is the result of a calculated balance between intrinsic and extrinsic rewards (Vroom, 1994). Schwartz counters that argument, claiming that the extrinsic rewards, such as financial rewards, grades and privileges, may actually undermine the intrinsic motivations and lead to worse performance. Schwartz does not see a calculated decision where different motivations are evenly weighed; rather, he finds that the intrinsic rewards actually disappear with the increased extrinsic rewards making such measured decisions impossible.

Second, according to expectancy theory, effective motivation to improve performance depends on reliable measures. The motivational value of the rewards will be significantly reduced if the measurements used are not reliable or are largely due to factors beyond the control of the principal. Milanowski (1999), in his analysis of accountability and incentives systems in Kentucky and North Carolina, shows that the accuracy of the measure of performance does have an impact on staff motivation, especially to improve performance. When the staff perceives past measures to be inconsistent, their self-efficacy is reduced and the yardstick ceases to be an effective motivator. For example, if the school's performance changes significant from one year to the next, without changes to the instructional program or teaching staff, the principal will not have confidence that performance results are within his control. The opposite problem is also possible. If, after implementing significant changes in the school, the principal sees no change in performance, then the principal could logically conclude that his actions have no impact on performance. In either case, the principal will actually become de-motivate to improve her performance, since her expectations are not realized.

Measurement error is a concern for goal-setting theory, as well. In order to improve performance, principals must have confidence that their chosen strategies result in measurable performance gains (Milanowski, 1999, p. 345). If measured performance is not the nearly the same as true performance, then principals may wrongly chose to abandon effective strategies or continue with flawed strategies. Either course of action would result in a decline in real organizational performance, which would understandably de-motivate principals regardless of the financial rewards or consequences associated with their results. For example, in her study of teacher bonuses in Kentucky and North Carolina, Kelley (1999) found that in Kentucky, where goals were clearly tied to instructional practice, they resulted in a more extensive change in classroom instruction. Consequently, incentives can motivate real behavior change if the measures used accurately reflect real performance.

Third, for some people, intrinsic motivators may be more motivating the extrinsic rewards. In a summary of multiple research studies on the motivational effects of school-based incentive programs on teachers, Kelley, et al., found that teachers have mixed feelings, both positive and negative, about these incentive programs, including the monetary bonus. They had high levels of commitment to the overall program goals and increased levels of expectancy, which, as predicted by motivation theory, resulted in increased performance. However, teacher expectancy was dependent on enabling conditions in the school, prior success with teaching and perceived fairness of the program. In this cross case analysis, researchers found that the expected value of the reward was not related to performance. While this finding could be explained by variations between the schools in the multiple studies, it is also possible that the more intrinsic rewards that came with pay incentives, such as specific goal alignment and recognition for a job well done, may have a greater impact than the actual reward.

The theoretical lens of expectancy theory presumes that an employee's motivation to perform is a function their expectation of success and their value of the anticipated outcome. While these expectancies might not be accurate, how they are perceived by the employee does motivate behavior. Expectancy theory explains that a principal may be motivated by meaningful outcomes, but does not specify which outcomes are most meaningful to the principals themselves.

These three limitations suggest that motivational theory does not fully explain the value or purpose of performance incentives as a strategy to improve performance. These limitations do not negate the potential motivational effects for some employees, but do appropriately caution an over-reliance on performance incentives as the sole driver of behavior change.

Motivation theory applied to this research

Motivation theory offers three useful implications for this research. First, the theory posits that rewards will motivate performance under certain conditions and for certain individuals. Whether or not policy makers perceive those conditions to exist and whether or not they believe that the reward will have the desired effect will impact the design of pay-for-performance strategies at the state level. That is, *why* policymakers think the pay-for-performance incentive will work is important to *how* it works.

Second, this framework also addresses some of the variety in the state implementation strategies. Some RTTT policy plans include both organizational and individual incentives (Delaware), while others are limited to individual rewards (Tennessee). These different approaches may be due to constraints and compromises that naturally emerge from the political context of the state, but they may also have roots in a different theory of action to drive principal

performance and student achievement. That theory of action can be framed as different understandings of the motivational value of the policy and its intended outcome which draw from the sense-making framework.

Third, given that any pay-for-performance policy depends on the technical measurement of performance, the confidence that policy actors have in the state's accountability system and associated measures will impact the policy design and the timeline for implementation.

CHAPTER 3

RESEARCH DESIGN AND METHODOLOGY

Introduction

Using a qualitative research design, this study deepens the conceptual understanding of the process by which states design principal pay-for performance-policies within the context of the federal Race to the Top (RTTT) grant. While these policies are framed in a national context, the decisions and actions affecting the policy take place in a single state within a narrow period of time. These constraints create a “bounded system” that can be best explored through the use of case study methodology, providing rich detail about what happened and how the policy emerged (Cresswell, 2006, p. 17). This section outlines this research strategy, the sample selection strategy, data sources, data collection and analysis procedures, and limitations of the study.

Three states – Delaware, Massachusetts and Tennessee – are the focus of the study. Each case study examines the pre-existing activities in the state regarding principal pay-for-performance policies and programs, detail the design of the state’s RTTT application with specific attention to the existing, proposed and newly developed policies of principal performance, and document the first year of program implementation for principal pay-for-performance policies. The cases are based primary on interview data collected from policy actors in each state, and supplemented with data collected from document reviews of the RTTT proposals, grant reviewer feedback and the required memoranda of understanding between

participating districts and the states. In addition to the three state case studies, the research includes data on the RTTT competition itself for the purpose of comparative analysis. These data are also based on document analysis and interviews with federal policymakers and stakeholders. The data analysis is both within-case and cross-case, based on the frameworks from new federalism and policy instrumentation, and uses the interpretive lenses of sense-making and motivational theory.

The proposed multiple cases examine the design of principal pay-for-performance strategies within the federal RTTT program from the perspective of policymakers responsible for both the design and implementation at the state level. The following research questions guide the planning and design of the research on the policy of principal pay-for-performance:

- 1) According to selected policymakers in each of the selected states and at the federal level who were responsible for its development, implementation, and associated rules, what is the policy? Why was it designed in that way?
- 2) According to selected state policymakers in each of the selected states, how was the policy developed and how will it be implemented both at state and local levels? How do these perceptions compare with the perspectives of selected policymakers at the national level?
- 3) What is the expected and perceived impact, according to selected administrators at the district level, of the policy after one year of implementation in the selected states? How does this compare with the perspectives of selected policymakers at the national level?

Research design and rationale

Using a case study methodology, the research details the policy activity in three states to identify how the RTTT competition and the subsequent award influence both state policy design and policy implementation. I have chosen to focus on the case study methodology as my primary research tool, because case studies can be used when seeking in depth understandings of complex contemporary social phenomenon, especially when the events involved cannot be controlled (Yin, 2009). As Yin notes, "As a research endeavor, the case study contributes uniquely to our knowledge of individual, organizational, social, and political phenomena" (2009, p. 2). The case study is particularly useful when the boundaries between the intervention or activity being studied and its context are integrated. Unlike other qualitative research, case studies do not necessarily include direct observation and may consider of mix of qualitative and quantitative evidence related to the case.

Research design components for a sound case study include: (1) detailing research questions and considering propositions related to these questions, (2) determining the unit(s) of analysis, (3) linking data to research questions and propositions through substantive modes of analysis, and (4) pressing for an interpretation of the case study evidence which is of the highest quality (R. Yin, 2009). The research questions guiding case study investigations address the "whos", "whats", "whys", "wheres", and "hows" of the phenomena being examined. While Yin links types of case study research questions with particular types of case studies, (exploratory studies ask "why" questions, descriptive studies ask "what", "who", and/or "where" questions, and explanatory studies ask "why" and "how" questions), Stake (1995) suggests that the main goal of case study is thoroughly understanding, rather than explaining, the phenomenon being studied. Therefore, while the proposed study will focus mostly on the "what" and the "how", the

objective is understanding state policymakers' plans for and perceptions of federal policy implementation.

Yin identifies four possible designs for case study research. These include “(a) single-case (holistic) designs, (b) single-case (embedded) designs, (c) multi-case (holistic) designs, and (d) multi-case (embedded) designs” (2009, p. 38). Within the proposed study, three states will serve as multiple cases within the larger case of a single federal policy. Multi-case designs are required when combination from more than one case can provide collective conclusions. This strategy increases the trustworthiness and reliability of the study because the analysis is replicated within and between cases (Merriam, 1988). Public policy researchers often utilize this method of inquiry to explain a policy process and to build conceptual frameworks (Baumgartner & B. Jones, 1993; Leslie & Novak, 2003; McLendon, 2003; Sabatier & Jenkins-Smith, 1993).

Sample Selection Strategy

Consistent with the qualitative research design protocols of purposive sampling (Merriam, 1988; Patton, 2002), this study explores multiple case studies that differ substantially from each other and will have different perspectives and experiences. Purposive sampling allows the researcher to “discover, understand, and gain insight” into the events or subject of the research question (Merriam, p. 61). This type of sampling in qualitative research ensures that data represents multiple views and sources and allows for rich descriptions both within and across cases.

This study applied four criteria to select participating case study states. First, each state has been awarded the RTTT grant. While many states competed for RTTT funds and some plan to continue to implement new principal pay-for-performance policies without RTTT funds, this

study specifically looks at the negotiation of the state policy design in the context of federal funding. Second, each state must have scored in the top 25 percent on the RTTT category related to principal pay-for-performance. This ensures that the states have strong plans for policy implementation, as judged by the grant review panels, and a tight alignment with federal expectations at the early stages of policy development. Third, each state’s RTTT proposal for principal pay-for-performance must differ from the current state strategy, suggesting that state policy actors must undertake significant reform in order to successfully implement the RTTT plan. Fourth, each state must have substantially different principal pay-for-performance strategies, regarding implementation timeline, scale and funding. This criterion aims to maximize variation between the cases. These criteria suggest states serve as the sample of this study—Tennessee, Delaware and Massachusetts. Table provides an overview of the characteristics of each state’s proposed RTTT principal pay-for-performance strategies, followed by a brief description of each state’s strategy.

Table 3.1: Summary of Sample State Pay-for-Performance Proposals

State	Name of Principal Pay-for-Performance Program	Program Timeline	Program Scale by end of SY 2014	Program Funding
Delaware	Retention Bonus (formerly Academic Achievement Award Program)	2010-11 design; 2011-12 implementation	100% of schools	100% federal
Massachusetts	None – local option only	n/a	n/a	100% local
Tennessee	Innovation Acceleration Fund	2010-11 design; 2011-12 implementation	<50% of districts	50% private; 50% federal

Delaware

Delaware plans to use their RTTT Funds to both incentivize and compensate principal performance with a retention bonus, a whole school reward program and reforms of LEA compensation policies. The retention bonus, modeled after the program in Prince George's County, Maryland, rewards teachers and leaders who achieve the highest ranking on the proposed new teacher and leader evaluation system. These "highly-effective" teachers and leaders, who must be working in the "lowest performing high-poverty or high-minority schools," will receive an estimated \$10,000, provided they continue to work in the same or similar school the following year (2010, p. D-22).

The whole school reward program is also targeted at schools serving high-poverty students. Unlike the retention bonus, this incentive is targeted at the entire school and continues an existing program that annually recognizes five Delaware schools for significant gains in student achievement. The current program, called the Academic Achievement Award program, was created from ARRA funds and provides \$150,000 to each school. RTTT funds will allow the program to continue for at least another two years (2010, p. D-23).

Finally, Delaware plans to use RTTT funds to support LEA innovation in compensation policies, encouraging differentiated compensation for high performing educators. Delaware's RTTT application specifically targets teachers in critical subject areas for differentiated compensation, but LEAs are encouraged to differentiate compensation for teachers and leaders based on evaluation ratings and new career ladders. Overall, Delaware does not directly plan for differentiated compensation of school leaders, but creates conditions by which participating LEAs can create new compensation policies based on additional responsibilities and performance using RTTT funds.

Massachusetts

In its RTTT plan, Massachusetts makes no explicit provision for principal pay-for-performance policies or programs, but addresses the educator quality issues of evaluation and accountability for performance. The state plans to invest in district capacity building to improve human resource practices and to appropriately use a new educator evaluation system.

Massachusetts teacher contracts are subject to district-based collective bargaining agreements. While principals do not have the union protections as teachers, the state RTTT plan defers all compensation issues to the local districts. The state plans to provide training to all districts on such compensation issues as part of the RTTT strategy, but does not anticipate, fund or plan for local adoption of pay-for-performance programs (Massachusetts, 2010).

Tennessee

Tennessee's RTTT plan builds on an existing value-added assessment, Tennessee Value-Added Assessment System (TVAAS), implemented in 1992, to "measure the influence of a teacher, school, or district on academic growth rates of individual students from year-to-year" (Tennessee, 2010, pp. 81-82). As a result of this long-standing data system, a number of school districts have developed principal evaluations that utilize value-added data and use it to inform compensation systems. As part of RTTT, Tennessee plans to take those local practices to scale by training districts in use of value-added assessment for compensation and direct links to teachers' and principals' evaluations. Tennessee also plans to redesign educator evaluation systems, so that principal evaluations are heavily based on value-added student assessments and will be used to customize coaching and professional development.

The state RTTT plan does not call for a statewide pay-for-performance program and does not aspire to have state-wide adoption. Rather, Tennessee creates a competitive Innovation

Acceleration Fund to “support the adoption and implementation of alternative compensation systems at the local level” (2010, p. 90). While districts are expected to provide local private matching funds for these innovations, the RTTT fund will provide supplemental funding for low-wealth districts. By the end of the grant period in 2014, Tennessee’s RTTT plan expects less than 50% of school districts to have performance-based compensation plans in place.

Data Sources: Informants and document analysis

A wide variety of sources are appropriate as evidence for case studies, including physical artifacts, direct observations, participant-observations, interviews, archival records, and documentation. While no one source is more valuable than others, Yin argues that the inclusion of as many sources as possible helps to develop high quality case studies exhibiting "converging lines of inquiry" (Yin, 1994). This research utilizes both informants and document analysis for data collection in each of the four case sites.

Identification of informants

The informants were chosen based on their “essential attributes...relevant to the study” (S. R. Jones, 2002, p. 465) and identified in two stages. First, relying on preliminary document analysis, targeted informants were identified based on their formal positions and on their role in the state’s RTTT application. Second, additional informants were identified through a snowball procedure, where each of the targeted informants will be asked to identify other relevant policy actors. Patton (2002) explains this process as asking people "who knows a lot about ...?" By asking people whom to talk to, the snowball gets bigger as more information-rich cases are identified.

Targeted informants were identified primarily through five different data sources: (1) the state's RTTT application to the USDOE, including reviewer comments and video interviews; (2) websites created to support the RTTT grant process and coordinate implementation; (3) websites of government agencies, including the office of the governor and the state department of education; (4) media coverage and published reports regarding RTTT, including national media outlets such as *Education Week*; national social media websites and think tanks such as the Education Sector, the Education Trust and the Fordham Foundation; professional associations, such as the National Governors Association, the Council of Chief State School Officers, the American Association of School Administrators and the national teachers unions; and local media, including the capitol city newspapers from each state; and, (5) conversations with individuals familiar with sample states.

Following the snowball procedure, the second stage expanded the pool of informants based on the recommendation of current participants (Erlandson, E. L. Harris, Skipper, & Allen, 1993; Lincoln & Guba, 1985). This strategy ensured that individuals who may not appear in public records, but who strongly influence the process, were considered in the case study. In addition, the snowball procedure ensured that all possible informants were considered as data targets and expanded the pool of diverse viewpoints.

State policymaking includes a wide variety of actors from multiple arenas, which may be different from state to state. To ensure maximum triangulation for the cases, this study included informants from a wide variety of backgrounds, including department of education officials, district and school leaders, researchers and consultants (B. C. Fusarelli & Cooper, 2009; Leslie & Berdahl, 2008; Mazzoni, 1993; McLendon & Ness, 2003; Ness, 2010). Because the study seeks to understand state policy implementation, which requires state coordination, the sample

included the state coordinator of RTTT and expanded to include both state policymakers and other policy actors. These coordinators may sit within the Department of Education or other state agencies, depending on the organization of the grant. In addition, because state implementation requires district implementation, the sample also includes at least one participating district superintendent. Table 3.2 summarizes informants by category in each sample state.

Table 3.2: Distribution of Interview Participants

	Delaware	Massachusetts	Tennessee	Federal
Governor’s Office staff	0	0	1	
State Board of Education staff	0	0	1	
State Department of Education staff	3	2	2	
District and school leaders	3	2	2	
Researchers, consultants and observers	2	4	6	6
TOTAL	8	8	12	6

Three notes about the distribution of informants. First, in all states, a few of the informants have changed positions since the initiation of RTTT. To standardize the codification of informants, they are categorized based on their positions at the time most relevant to this study. For example, one current state employee was a consultant to the RTTT application and first year implementation and is categorized as a consultant. Similarly, a district leader recently retired and now serves as a consultant, but he remains categorized as a district leader.

Second, the larger number of participants in Tennessee came as a result of the snowball procedure, which captured additional informants who had transitioned out of their official

capacities following the transition of Governor and Chief State School Officer. This transition resulted in additional interviews required to capture a variety of viewpoints.

Third, three informants played both state and national roles during the design and/or implementation of RTTT. These informants are either researchers or consultants, who serve in multiple capacities for the national implementation of the RTTT grants. While they may be quoted as appropriate for their national viewpoints, their primary function in this study is as an informant for the state cases. Therefore, they are only counted as a state informant for purposes of this methodology.

Interview protocol

A *semi-structured* interview protocol is used to ensure consistency across all interviews and to allow for more detailed exploration of areas relevant to each participant. Case study interviews, as argued by (H. J. Rubin & I. Rubin, 2005), should follow a basic protocol but remain fluid so that the research can take advantage of emergent themes and new avenues of inquiry. Appendix A is the interview protocol, including relevant probes. These interviews had a few broad and open-ended questions, such as “how would you describe the state’s policy of principal pay-for-performance as proposed in your RTTT application?” and “how is that policy currently being implemented?” These questions, consistent with the symbolic interactionist tradition (Crotty, 1998) and implementation studies focusing on individual participants (Weatherly & Lipsky, 1977), allow the subjects to answer from their own unique perspectives. The assumption of researchers using this strategy is that the subjects “act toward things on the basis of the meanings that these things have for them” (Crotty, citing Blumer, p. 72).

Follow-up questions and probes clarified the interviewees’ perspective and ensured their experience and understanding of the policy was appropriately represented. These interviews

were designed so that the informants were asked questions that most directly related to their involvement with the state's RTTT application and the pay-for-performance strategy in particular. Therefore, participants may not have been asked every question on the protocol and additional questions may have been added to follow-up on new themes or data that emerge during the interview itself.

In addition to a standard interview protocol, the interview procedures aimed to enhance the study's trustworthiness. The interviews were conducted by phone, allowing for the greatest convenience for the interviewees and the most cost effective protocol (Shuy, 2001). In his analysis of telephone interviewing as a methodology for elite subjects, Stephens (2007) identifies many basic issues that can be dealt with in the protocols. For example, the lack of non-verbal communication, such as expressions of interest or confusion, required clearer articulation of both questions and answers. In another example, Stevens noted that in order to compensate for the lack of control over the interviewees environment, he opened the interview by "[asking] the respondent if they were ready, or if they would prefer to be called back after a short amount of time" (2007, p. 210). Most importantly for this research, a telephone interview protocol ensures that all subjects are interviewed using the same technique and does not bias the sample with face-to-face interviews that are convenient to the researcher.

The researcher received a waiver from the Institutional Review Board for written documentation of informed consent. Participants were sent a series of emails outlining the purpose of the study and clarifying the degree of confidentiality. Informed consent was obtained using a verbal script (see Appendix A) read by the interviewer to the participant prior to the start of the formal interview. After the script was read, participants verbally agreed to participate in the interview. In addition, three standard emails sent to the participants reiterated critical

elements of the consent both before and after the interview. First, the recruitment email provided general information about the study and participant risks and responsibilities. Second, the interview confirmation email confirmed the scheduled interview, provided more detailed information about the study, and confirmed that by agreeing to the interview, the participant agreed to participate in the study. Third, the confirmation of verbal consent email (Appendix B) was sent to the participant following the interview, reiterating the verbal consent and describing voluntary next steps.

The interviews lasted between 12 and 75 minutes, with an average interview taking 30 minutes. Interviews were audio-recorded, with the respondents' permission, and the researcher took extensive field notes during and after the interviews and transcribed selected interviews.¹ Participants had an opportunity to review direct quotations that were to be attributed to them directly, and they were allowed to edit those quotations to ensure that it accurately reflected their thoughts and sentiments.² A summary of preliminary findings was emailed to each of the participants for their review and comments, which were incorporated into the final analysis as appropriate.

Documents

Beyond the interview data, this research draws on additional pieces of data to inform the data analysis process. Documents, such as state legislation, regulations, and meeting agenda, will

¹ Data collection followed the described protocol, except in the following instances: one respondent did not grant permission for audio-recording; one interview was not captured by audio-tape due to a technical error; one respondent asked not be identified by name, title or position and is not counted in the total count of interviews; three respondents required his/her quotations to be reviewed prior to their use in the study; two interviews were conducted before the respondents had received advance email notification; two interviews were conducted entirely by email.

² At this point, two interviewees changed their agreement to participate. One of the interviewees chose to rescind his agreement to participate in the study, citing a concern about the relevance of his/her comments given changing conditions since the time of the interview. This interview is not included in the total count of interviews. Another interviewee agreed to be quoted, but on the condition that he/she was only identified by affiliation and not by name or title.

provide information about the formal policy process. Publicly available information on the states and their communities, such as economics, political climate, school performance and student demographics, will create a context for each state case. Other documents, such as news reports, white papers and blogs will provide evidence of the environment in which the policymakers are operating. These data may be cited by the interviewee and may inform their perceptions and understanding of the pay-for-performance policy. In addition to these data on the state policy process, data collection also included a document review of local press and publicity regarding the RTTT announcement and subsequent analysis and public reports.

Because Delaware is geographically small and has a relatively low number of districts, this analysis has been informed by a document review of all LEA scopes of work, submitted to the Department of Education as part of the RTTT funding process. This analysis provides an opportunity to take a census of district plans in one state, a process beyond the scope of this research for the other states, which have much larger numbers of districts. While this analysis is limited to Delaware and informs that state context, it casts a light on future areas of inquiry, particularly regarding district implementation, which is also beyond the scope of this research.

All together, these documents provide background information that is used to inform the interview process and paint a richer picture of the state at the time of the RTTT announcement and during the first year of implementation. They establish a timeline of events and support the recollections of the informants. Most importantly, these documents increase the reliability and validity of the study by triangulating the data gathered from the interviews (R. Yin, 2009).

Data analysis

Because this research seeks to understand the policy design and implementation of federal policy at the state level, as perceived by policymakers, the research used a constant comparative approach (Cresswell, 2006) in the data collection and data analysis processes. This approach identifies themes from the data within and across each case.

Data analysis focused on those passages from the interviews related to the principal pay-for-performance policy and related conditions. Text passages were coded for emergent themes with particular attention paid to those descriptions related to the design of relevant state policies, any decision-making about the implementation strategy for relevant policies and perceptions of the federal policy. Recent examples of this type of constant comparative approach include Blake et al (2008), Reybold (2008) and Roberson and Merriam (2005). As Jin Soo Chung and Neuman note, this approach seeks “to find issues, patterns, and themes residing in the data by constantly comparing and revisiting the data” (2007, p. 1508). This iterative process revealed a framework from which the meaning of the policy can be understood from the perspective of state policymakers themselves. A basic analytic framework, that informed the interview protocol and is based on the theoretical lenses of sense-making and motivation theory, is outlined in the next section.

Because the data analysis process is iterative, it was conducted simultaneously to the interview process. Following the interview, the coding process began and continued through the data collection process. As the analysis process continued, code categories were added and deleted as reflected by the data.

Provided that a range of viewpoints is represented in the interview data, the number of interviews was determined by data saturation (Guest, Bunce, & Johnson, 2006). Once themes of

meaning become repetitious, additional data collection was necessary, even if only the original target of eight participants has been interviewed, provided multiple viewpoints were represented. This type of analysis limited the total number of interviews, but, as noted by Lortie in his seminal work *Schoolteacher*, “the benefits of intensity are purchased at the cost of scope” (2002, p. xix).

Within-case and cross-case analysis

Analysis includes within-case and cross-case considerations, which allows the researcher to see the evidence through multiple lenses (Eisenhardt, 1989) . Each of the state cases is first analyzed in three parts:

- 1) the outline of the state’s RTTT proposal, with particular attention paid to the activities related to principal pay-for-performance;
- 2) the context of the state’s policy environment and the RTTT application, including current pay-for-performance policies and relevant actions regarding educational leadership; and,
- 3) a case analysis, utilizing an analytic framework, described below, based on the two theoretical frameworks.

Analysis of each part will include both interview and document data. The coding system, while using the constant comparative approach, will chunk the data in four broad categories for each case. These categories, which are based on the literature from new federalism and policy instruments for implementation, are:

- 1) the development of the policy itself and its alignment (or not) to federal expectations;
- 2) the implementation strategy for the principal pay-for-performance policy in the context of the larger RTTT program;

- 3) the perceptions of policy actors, with particular attention to how experiences and understandings may differ between participants; and,
- 4) the political culture, including internal governance and accepted practice.

After these three state analyses, cross-site analysis identifies data patterns that emerge from each state. An overall conceptual model then aggregates the patterns across all states and attempts to explain how state policymakers made sense of the pay-for-performance policy reforms in RTTT.

Analytic Framework

In order to systematically analyze interview data and associated documents, an analytic framework was used. This framework structures the theoretical lenses which inform this study. This framework also served as the basis for the coding system to be used in the data analysis, which builds on the four foundational categories described in the data collection section above, and allows the data to be analyzed through the lenses of sense-making and motivational theory (described in Chapter 2).

The analytical framework, which was subject to revision as the data collection process revealed new information, along with operationalizing questions are as follows:

1. Clarity of policy objectives. Was there one commonly agreed upon goal of the state's pay-for-performance policy? Were there competing goals for policy? To what extent did program goals influence the proposed policy solutions?
2. The intent of the policy. What is the theory of action that undergirds the policy? What is assumed about the role of principals and how does this policy support that theory of action? Why to policy actors think the policy will work or not work?

3. Alignment with the federal agenda. How well does the policy align with the original federal intent? What compromises have been made at the state and/or district level to address local context?
4. Consensus of the state coalition. How aligned are intrastate policy actors with the policy objectives? Is there a shared implementation strategy at the state and district level? To what extent is there shared information and communication within the state to support implementation?
5. Effect of external influences. Did other education issues affect the policy deliberations of principal pay-for-performance programs? Did other state/regional/national issues affect the policy deliberations? To what extent did public opinion influence policy deliberations?

Validity and reliability

To ensure the quality of the cases and the appropriateness of the findings, case studies must guard against threats to validity and reliability. Yin (2009) proposes four tests: construct validity, internal validity, external validity, and reliability.

This research addresses construct validity by utilizing multiple sources of evidence (J. M. Berry, 2002), triangulating data (Borman, Clarke, Cotner, & Lee, 2006; Merriam, 1988; R. K. Yin, 1997) and including informants in a preliminary review of the findings. Internal validity is dealt with through data collection which relies on the replication of an interview protocol (R. Yin, 2009) and analysis strategies that create robust descriptions and seek out data patterns (Aberbach & Rockman, 2002).

External validity reflects the generalizability of the cases beyond this research project (Merriam, 1988) and multiple case designs are more generalizable than single case studies (Yin,

2003; King et al., 1994). As Schofield notes, “a finding emerging from the study of several very heterogeneous sites would be more robust” (2000, p. 80). This research documents three state cases, selected based on strong, research-based criteria, increasing the generalizability of the findings to other states.

Reliability suggests that another researcher, using the same research methodology, would come to the same conclusions. This research addresses reliability by utilizing a strong protocol, predictable stages of data collection and a constant comparative approach to data analysis.

Limitations of the research

This research has natural limitations on its generalizability. While the selection criteria for states in the study are based primarily on RTTT participation, the study does not capture the experience of all states. The findings are applicable only to those states that have a demonstrated track record of success, as evidenced by their meeting the criteria for the RTTT award. It is possible that these states have unique conditions that affect their ability to implement these federal policies and the findings are limited to states with similar conditions.

Additionally, the time period for this research only captures the initial stages of implementation, include policy negotiations and program design activities. States will certainly grapple with issues throughout the longer period of implementation and true policy change can only be measured after a much longer period (Crotty, 1998).

Chapter summary

At the end of the RTTT competition, the USDOE and the participating states will have engaged in a broad new experiment to implement a reform agenda. Both the winning and losing

states will have a publicly designed education reform plan, some will have new policies as a result of pre-competition positioning, but only the winning states will have the necessary resources to implement that plan in the short term. The USDOE, for its \$4.3 billion investment in the competition, will have created a much tighter coupling of state education policy and the federal agenda, increasing the chances of successful implementation of principal pay-for-performance strategies in the winning states. In considering these potential outcomes, the cognitive framework of sense-making predicts some implementation challenges for such a tightly prescribed policy agenda and the case study methodology presents opportunities to deeply understand the initial phases of that implementation process.

CHAPTER 4

DELAWARE'S RACE TO THE TOP

Introduction

Delaware came into the Race to the Top (RTTT) grant with a strong coalition of educators, policy-maker, and community leaders united under an education reform strategy called Vision 2015. These same leaders united to support Delaware's RTTT application, which built on many of the reforms already underway in the state. In its original RTTT proposal, Delaware proposed using RTTT funds for incentives in three ways: 1) retention bonuses to reward teachers and leaders who continue to work in the state's highest need schools and who achieve the highest rankings on the new evaluation system, 2) a whole school reward program that recognizes five Delaware schools annually for student achievement gains, and 3) encouraging districts to plan for differentiated compensation based on the new state evaluation system. Delaware's plan is dependent on the implementation of performance-based evaluation system, scheduled to launch during the first year of the grant. The Delaware approach to principal pay-for-performance reflects the state's commitment to supporting local districts in the implementation of the new evaluation system, its recent experience with statewide reform of education leadership standards, and its commitment to extending existing state strategies with the additional funding provided by RTTT.

This chapter includes three sections. The first section outlines the Delaware RTTT proposal, with particular attention paid to activities related to principal pay-for-performance. The

second section provides some context around state activities relative to educational leadership and pay-for-performance. Both of these sections rely heavily on interview data, presented as much as possible in the original voices of key informants, and supplemented with archival documents. The third section presents a case analysis, utilizing the five dimensions of the analytic framework, which, as described in Chapter Three, is based on the two theoretical frameworks, and presents broad case themes.

Overview of Delaware's Race to the Top

The US Department of Education awarded Delaware about \$100 million in federal RTTT funds in the first round of funding. Delaware was one of only two states to win funding in the first round, along with Tennessee. Delaware's application received the highest score among the 16 first-round finalists. As required by the grant, Delaware's RTTT plan address four priority areas of reform: 1) adopting challenging academic standards; 2) increasing the number of highly effective teachers and principals, especially to serve in low-performing schools; 3) providing new resources and intensive supports to the lowest-performing schools; and 4) building a data system that measures student progress throughout the year and supports instructional improvement. Half of the RTTT funds are to be distributed directly to local school districts to support school reform work in these four priority areas. The other half will be used by the state to support a series of new investments, such as new student assessment and data systems.

Delaware's application was a collaborative effort led by Governor Jack Markell and State Secretary of Education Lillian Lowery. All of Delaware's 17 school districts signed on to the application, including every superintendent, every union leader, and every school board

president, reflecting a strongly unified coalition of state and district leaders to the reform agenda at the outset.

To manage the RTTT reform activities and ensure those initiatives are aligned with and coordinated with ongoing work, Delaware established internal oversight mechanisms to monitor long-term RTTT implementation and reorganized the Delaware Department of Education (DDOE) to include a new Project Management Office housed within the DDOE. This office includes three separate units, including the Teacher and Leader Effectiveness unit, which oversee all of the state's initiatives on teachers and leaders. The other two units are the School Turnaround Unit and the Performance Management Unit, which monitors RTTT implementation throughout the state. Prior to RTTT, DDOE was restructured to align state department work with reform priorities. As a result, Delaware did not do a wholesale reorganization of the department for RTTT but did have to expand DDOE capacity to implement state-level initiatives and support district reform activities (Tennessee SCORE, 2010).

At the state level, RTTT funds will be used to support or expand a variety of human capital initiatives as part of the Great Teachers and Leaders work, including alternate routes for new educators, reform of preparation programs, evaluation redesign, and professional development for teachers and leaders in high-need schools. The state's Deputy Superintendent clarifies this priority, noting that "when we talk about human capital, attraction and retention are our two biggest buckets out of that." Consistent with those priorities, the state will expand alternate routes for both teachers and leaders, especially in high-need subject areas, such as math and special education. The current educator evaluations will be modified to include use of student achievement data for both teachers and leaders and the state will provide development coaches to support the implementation of the evaluations throughout the state. In addition, the

state will provide a myriad of professional development opportunities for teachers and leaders, targeting those educators in the highest-need schools. While the programs are designed for both teachers and principals, the emphasis on leadership is focused on rolling out the new evaluation system and creating new leadership opportunities for teacher leaders.

In its RTTT strategy, Delaware does not directly plan for differentiated compensation of school leaders but creates state programs that support differentiated compensation and bonuses for select educators and develops a statewide evaluation system that can be used for compensation decisions. Delaware specifically addresses compensation reform using four initiatives: 1) a talent transfer program that provides bonuses to high-performing educators to work in high-need schools: 2) a talent retention program that provides bonuses to stay in low-performing schools: 3) support for teacher career ladders with differentiated compensation; 4) and, whole school reward programs. The new evaluation system, which includes measures of student achievement, is foundational to the first three initiatives, which cannot be initiated until the evaluation system provides data to inform selection decisions.

Talent Transfer Program: The recruitment bonus, renamed in the first year of implementation to the “Talent Transfer” program, is designed to both incentivize and compensate high-performing educators to work in targeted schools. Under RTTT, the highest need schools in the state are designated as Partnership Zone schools and are required to participate in a variety of whole-school reform initiatives. Districts can use RTTT funds to offer signing bonuses to high-performing educators to move from one school to another, and the state will provide professional development to prepare and support these educators (2010, p. D-22). The Talent Transfer program will begin in fall 2012, allowing for at least one year of new evaluation data to be considered for selection into the program. DDOE estimates that 215

teachers and 25 principals will participate in the program, each receiving a \$5000 signing bonus and ongoing professional development (DDOE, 2011a, p. 44).

Talent Retention Program. Educators who are highly rated on state evaluations may be eligible for a bonus if they have served and will continue to serve in a high-need school. Starting at the end of the 2011-2012 school year, the DDOE will select schools that will be eligible for bonuses annually. The school selection process is not yet finalized, but it is anticipated that the selection will be based on the schools' comprehensive success reviews, ensuring that the selected schools will be those making the most progress on school improvement goals. This retention program applies to both teachers, who will be eligible for \$8,500, and for principals, who will be eligible for \$10,000 bonuses. Additional supplements will be available for teachers in critical need areas. DDOE estimates that 600 bonuses will be awarded over the lifetime of the RTTT grant, with 100 bonuses to be awarded in the first year, including two principals (DDOE, 2011a, p. 45)

Career Ladders: Delaware plans use RTTT funds to support Local Education Agency (LEA) innovation in the development of career ladders that may include additional compensation for select, high-performing educators. Delaware's RTTT application specifically targets teachers in critical subject areas for differentiated compensation, but LEAs are encouraged to differentiate compensation for teachers based on evaluation ratings and new career ladders. Leaders are broadly referenced in this work, but the RTTT proposal and subsequent guidance on state-approved district scopes of work limit the district career ladders to teachers, emphasizing the development of teacher-leader positions, particularly in the targeted high-need schools (2010, p. D-21)

Academic Achievement Award Program: The whole school reward program is also targeted at schools serving high-poverty students. Unlike the retention bonus, this incentive is targeted at the entire school and continues an existing program that annually recognizes five Delaware schools for significant gains in student achievement. The current program, called the Academic Achievement Award program, was created from 2009 American Recovery and Reinvestment Act (ARRA) funds and provides \$150,000 to each school. The award can be used for bonuses to teachers, additional professional opportunities and other benefits, more school supplies, facilities upgrades, or other purposes. RTTT funds will allow the program to continue for at least another two years (2010, pp. D-23).

Analysis of Local Education Agency scopes of work

Because Delaware is geographically small and has a relatively low number of districts, this analysis has been informed by a document review of all LEA scopes of work submitted to the Department of Education as part of the RTTT funding process. The state required participating districts to complete a detailed scope of work, which outlined the anticipated use of funds and prioritized districts activities against the RTTT initiatives. These district plans serve as a management tool for the state as well as a planning document to guide district activity over the grant period. Given the short timelines and the large scale activities required by both the state and the district, the first scopes of work only outlined first-year implementation activities and laid a foundation for longer term plans.

These LEA plans directly link federal guidelines to state strategies, creating a tight framework for district planning. In the scopes of work, the state laid out twelve areas of work under the RTTT framework. LEAs had to describe their activities in all areas but and had to

select between four and five areas as their “top priorities” for the coming year. Of the Scopes of Work (SOW) areas, three specific elements potentially related to incentives for principals: Area 5 (Conduct and use evaluations), Area 6 (Establish new educator career paths), and Area 7 (Equitable distribution of effective teachers and principals). See Table 4.3 for the number of LEAs identifying these three areas as priorities in the first year of RTTT implementation.

Table 4.1: LEA Priority Areas from RTTT Scopes of Work

	SOW Area 5	SOW Area 6	SOW Area 7
	Strategy: Conduct and use State evaluations	Strategy: Establish new educator career paths linked to evaluation	Strategy: Ensure equitable distribution of effective teachers and principals
District LEAs	2	4	0
Charter LEAs	6	7	1

The state work in Area 5 is very specific regarding the implementation of the state’s revised evaluation plan, along with training and support for principals who will be conducting the new evaluations. All LEAs will be participating in this rollout, regardless of whether or not it is a priority within RTTT.

Area 6 and Area 7 both provide for specific activities regarding educator incentives. Area 6 includes activities that “provide [for] differentiated compensation for teacher leaders” and create the option for LEAs to “Create differentiated compensation for effective or highly-effective teachers in critical subject areas or hard-to-staff classes.” Of the 11 LEAs identifying this area as a priority, only one district and four of the charter schools propose differentiated compensation for highly effective teachers. The rest plan for teacher-leader compensation based on increased responsibilities. However, four additional charter schools and one district also plan

to launch or continue incentive programs for teachers and, in one case, the principal, using RTTT funds. This activity is not a priority for these LEAs, but it is planned in their first-year activities. The state guidance on incentives is most specific within the SOW Area 7. Delaware's RTTT plan is to "provide retention bonuses to highly-effective educators in select schools starting in SY 2011-12" as part of the larger strategy to "ensure equitable distribution of effective teachers and principals." Of Delaware's 19 districts not one identified this strategy as "a high priority" in the first year of the grant, and only one charter school is planning to provide retention bonuses.

As noted by one district in their original scope of work, the issue of equitable distribution of human capital is not a priority because "we do an effective job in equitably placing effective teachers and principals." The district goes on to state that "from the administrative perspective, we believe that our Aspiring Administrators program is a model that maintains a reliable "pipeline" in our succession planning." The focus for this district is on training rather than incentives, which addresses the larger strategy of equitable distribution of effective leaders but does not address the sub-strategy of retention bonuses.

Two optional requirements in the district scope of work refer to compensation: 1) create new career ladders that link evaluation to professional development, promotion, advancement, and compensation (e.g., proven programs such as The Teacher Advancement Program); and 2) differentiate compensation for effective or highly effective teachers in critical subject areas or hard-to-staff classes (e.g., remedial versus AP). The required activity for districts is to "create a teacher-leader career path," which includes "differentiated compensation for teacher leaders" in high-need schools. A handful of districts have chosen this strategy as one of their priorities under RTTT and most have defined the type of teacher-leader effect in their turnaround schools.

Districts have committed to partnering with the state to participate in the state incentive program when it rolls out in the second year. During the first year of the grant, districts plan to “nominate high-need schools that demonstrate commitment to improving teaching and learning environments (e.g., schools that have a strong leader in place) to participate in equitable distribution fellowship program” (SOW template, May 2010), even if this area of work was a chosen priority for the district. In this initiative, districts are on the receiving end of a statewide program.

However, some LEAs have made plans to consider the use of incentives for educators to teach and lead in the highest need schools. As one district explained, incentives may include “stipends to cover City wage tax, specialized professional development, building incentives for achieving targets, and tuition stipends” (Scope of Work, Christina, June 2010). Three LEAs, all charter schools, have plans for performance incentives for teachers based on student achievement gains, two of which extend existing incentive pay programs already designed or in place at the school. While LEAs have the option of compensation reform, no districts have plans for performance pay within their scopes of work. All plans related to incentive pay or differential pay for either teachers or leaders, except for the charter schools mentioned above, are based on the state programs, which will roll out in future years of the RTTT implementation.

Only one district³ provides any additional detail, planning to “offer a signing incentive and performance bonus for highly effective principals (those principals who have demonstrated success in meeting Annual Yearly Progress (AYP) in their prior experiences for at least two–three years) placed in schools not meeting AYP and identified as being in ‘corrective action’” (Kanter, 2010, p. 24). In this district, the “newly hired high school principal will receive a performance bonus based on a 25% increase in underachieving AYP cells within a two-year

³ Milford School District

period and a satisfactory DPAS II performance rating” (p. 26). This detail is consistent with the state plan for Talent Retention, except for the specific targets and timelines created by the district, which have since been included in the state plan.

This dependency on the state plan is best expressed by one district’s scope of work: “The school will accept any incentives, financial or otherwise, offered by the DDOE to help retain highly effective teachers” (Meece, 2010, p. 20). Another LEA notes that they will “implement the retention bonus model as funded and defined by DDOE” (Knorr, 2010, p. 22). There is no mention of incentive programs for school leaders in either of the LEA scopes of work, which is consistent with the guidance they received from the state.

While these scopes of work broadly reflect district plans for the use of RTTT funds, they do not fully reflect district practice because they are narrowly focused on RTTT sponsored work. While districts are encouraged to include a comprehensive response, the breadth of that work is not necessarily captured in the proposal. For example, a district that has longstanding pay-for-performance plan for school leaders makes no reference to that work in their scope of work even though it is directly aligned with the RTTT strategy to encourage compensation reform.

The state instructions for district scopes of work are silent on principal pay-for-performance, reflecting the state strategy of new statewide evaluation systems and career paths for teacher leaders. Compensation reform is embedded in the state’s strategy to “establish new educator career paths linked to evaluation” (SOW template, May 2010) and is clearly linked to teachers and teacher leaders, but not to principals. Compensation reform is not a standalone activity for districts, and districts do not create options for additional strategies in this first year of implementation.

The only place where districts may have defined compensation policies related to school leaders is in the use of the state evaluation system “as a primary factor in teacher and principal development plans, promotion, advancement, retention, and removal,” as described in the state’s RTTT application (2010, p. A-8). Even though compensation is one element of this larger human capital strategy, a point repeatedly emphasized by the state RTTT staff, the state is not asking the district to address this element in their scopes of work in the first year.

In the spirit of honoring district priorities and reflecting local conditions, such choices are permitted during this first year of RTTT implementation, which the state’s Deputy Superintendent described as a “change management year.”

Rather than just making sure that they [the districts] are implementing their strategies with fidelity...they are being required to revisit and rewrite their years’ two through four plans for RTTT. We are asking them to take their plans to the next level. We think it’s more important to help them understand why. So that this begins to change their decision-making for everything they do. (D. Cruce, personal communication, 12/16/10)

This process was affirmed by the director of the state’s leadership academy, who noted that the Department was simultaneously making the effort to listen to local education agencies and using the grant funds to address local needs.

They [the DDOE] learned that they need to engage districts and charter schools in the conversation because the problem for rural districts may be different than for urban districts. They’ve been meeting with the superintendents and their RTTT teams to see what the issues are and then they are actually allowing the districts to diversify.” (J. Wilson, Personal communication, 2/2/11)

The full breadth of the state’s human capital strategy is included in the LEA scopes of work and the districts prioritizing their immediate projects and committing to participation in statewide activities. This strategy moves district plans away from simple participation in state driven programs and requires districts to begin to articulate local human capital strategies that encompass a full range of activities.

On considering the value of the RTTT process as a whole, one superintendent commented that “the biggest thing it did was center the conversation around talent management and how critical that is as a component to children being successful” (H. Broomall, personal communication, 1/18/11). Based on the guidance from the state, LEAs have stuck closely to the detailed actions required during the first year and only a few include specific compensation provisions for principals. One district plans to extend an existing merit-pay program designed for teachers to leaders, and another district is offering a signing bonus to highly effective principals. The overall actions of the districts directly reflect the state priority to roll out the new evaluation and develop new pathways for teacher leaders. However, overall, the scopes of work are silent on the compensation of principals.

State Context

Delaware has ongoing reform activities designed to improve the quality of school leaders through statewide initiatives and targeted policy action. As result of that longstanding work, the state’s RTTT plan did not “reinvent the wheel” or propose “new and wild and crazy ideas” (J. Wilson, personal communication, 2/2/11; C. Ruszkowski, personal communication, 1/10/11). Instead the plan broadly “extended” and “integrated” the work that was already underway throughout the state. These ongoing activities included a “cohesive leadership system,” externally funded in part by the Wallace Foundation, and a statewide reform strategy called Vision 2015, both of which created urgency around the issue of school leadership and stimulated a variety of recent programs and reforms. Reform of the state’s leader evaluation system in 2008 included the use of student achievement data in an educator’s evaluation, which laid a solid foundation for the state to meet one of the key assurances of RTTT, later enhanced through

legislative action. Regarding pay-for-performance programs specifically, the state has an existing program to reward school performance and some districts have designed local incentive programs. Finally, many of the state's charter schools, which are also the beneficiaries of RTTT funds, have performance pay designs that will be continued or initiated under RTTT.

Cohesive Leadership System

Since 2001, Delaware has aggressively pursued reforms designed to improve the quality of school leaders. This work created a “cohesive leadership system” that supported the leadership pipeline from recruitment through retention. Led by the Delaware Academy for School Leadership and supported by the Development Assessment Center for school leaders, the cohesive leadership system promotes distributed leadership, trains leaders and leadership teams, improves succession planning in schools, and supports the redesign of leadership preparation programs to meet the new state standards.

A 2007 report (Raffel & Griffith, 2007) on teacher and administrator human resource practices, found that “a good deal of activity in the state focused on school administrator recruitment and preparation” (2007, p. 27). Twelve of the 19 Delaware public school districts had induction programs to support new administrators during their first three years. An increasing percentage of new administrators participated in university-sponsored internships with district-based mentors and/or participated in district-sponsored succession-planning programs. This district activity around school leadership was mirrored at the state level. Delaware undertook a variety of statewide reforms during the 2000s, including the redesign of leadership preparation programs, updated leadership standards, and a new evaluation system. A 2009 study by RAND Education (Augustine et al., 2009) found that Delaware had successfully created a

cohesive leadership system, aligning state policy and district practice. Specifically, the report found that Delaware, in comparison with the other Wallace grantee states, exhibited all five characteristics of a “highly cohesive leadership system,” including “comprehensiveness in the scope of their initiatives, alignment of policies and practices, broad stakeholder engagement, agreement on how to improve leadership, and coordination achieved through strong leadership” (2009, p. xviii).

Vision 2015

Delaware benefitted from longstanding education reform initiatives, including the recent creation of Vision 2015. Vision 2015 was a broad-based statewide discussion on education reform that resulted in a set of recommendations and improvement targets for public education in 2006. These recommendations included, 1) set high standards for teaching and learning, 2) develop a common curriculum, 3) invest in early childhood education, 4) develop and support high-quality teachers, 5) empower principals to lead their schools, 6) encourage innovation and parent involvement, and 7) establish a simple and equitable funding system. Like RTTT, all of the education stakeholders, including practitioners, policymakers, and community leaders, signed on to that report. The focus on curriculum standards and educator quality, in particular, provided a four-year “on-ramp” that prepared Delaware for RTTT. As described by the chair of Vision 2015, “Education reform is a very long and complicated process. The success of winning this competition is only because we’ve been working at it for 20 years” (Vision 2015, 2010).

Vision 2015 calls for incentives to be used to support both teacher and leader quality. For teachers, the recommendations include building teacher capacity by creating career paths for teacher leaders, using student achievement as one of many measures of performance, providing

school-wide bonuses for strong school performance, and creating incentives to attract teachers to high-need subjects. All of these proposals made it into Delaware's final RTTT grant request. The Vision recommendations do not include a merit-pay incentive for teachers, but do make that recommendation for leaders. Specifically, Vision 2015 recommends that there be "increased accountability for student achievement and school performance" and "significant bonuses tied to student achievement" for principals. The principal bonuses did not make it into the final RTTT proposal, but it is notable that many of the same stakeholders from Vision 2015 were also required stakeholders in RTTT, including the President of the State Board of Education, the Chief State School Officer, superintendents, and both the Delaware Association of School Administrators and the Delaware State Education Association (Vision 2015, 2006).

Informants in this study consistently referred to Vision 2015 as "foundational to" and "consistent with" the RTTT application, easing the conversation around even the most potentially divisive issues. Reflecting on the RTTT application process, the Deputy Secretary and Chief of Staff of the DDOE said, "It wasn't easy to write our RTTT application, but it wasn't a new conversation and people weren't taken off guard. Even things like pay-for-performance were things that we had already been talking about." (D. Cruce, personal communication, 12/16/10) He went on to note that even though the RTTT application process involved hundreds of stakeholders from around the state, the conversation built on the earlier work with Vision 2015. "When RTTT came out, we did reconvene folks, but we didn't have to go through that exercise, and it didn't feel like a false question we were asking because we had already done that work. There were some new things in the application, but the really highest level pieces – like the Fellows, career ladder – those things came out of those [earlier] conversations."

The districts also reflected that some current reform activities will be continued under RTTT, which, because it provides additional funding, provides an opportunity to move forward with their existing agenda. As one Superintendent commented, “We had planned to do this before RTTT, and it is in the grant so we were able to move ahead more quickly.” (S. Godowsky, personal communication 1/20/11) RTTT in Delaware extended reform work already underway at both the state and district levels, building on existing efforts to improve the quality of school leadership and supporting the efforts of those districts ready to move forward with these programs.

Evaluation

Delaware has been using student growth data in educator evaluations since 2000, with the adoption of the Professional Development and Educator Accountability Act, which required that 20% of an educator’s evaluation be linked directly to student growth. The leader evaluation system is based on Interstate School Leadership Licensure Consortium (ISLLC) standards for school leadership. The evaluation system was updated in 2005 and implemented in all districts in 2008. Under this evaluation system, principals are rated using four pieces of evidence: evaluators review evidence submitted by the principal; outcomes of three conferences (goal setting, formative, and summative) between the principal and the evaluator; survey data from principals, teachers, and evaluators; and student achievement and growth data from state and local assessments (Beers, 2010; Maxwell, 2008).

New regulations now require educators to demonstrate student growth in order to receive an “effective” rating, meaning that “no educator in Delaware will be considered effective without showing satisfactory student growth” (2010, p. A-42). In the presentation to the State Board of

Education regarding the new requirements, DOE staffers assured the Board that this would not be “one, cut-and-dry measure of student performance.” The presenter went on to say that “the use of student growth is a cultural change and that the first four components are just as important” (DDOE, 2011b, p. 10490). These evaluations, however, are not used to inform compensation or to provide monetary bonuses; however, high ratings on these evaluations will be used as entry requirements for incentive programs, such as the Talent Transfer program.

Like other states, Delaware is finding that there are many technical challenges to using student achievement data as a part of educator evaluations. While the Deputy Secretary notes that “from a mechanical standpoint, we are very confident that we will have this thing down pat” (D. Cruce, personal communication, 12/16/10), others question if the evaluation instruments will be reliable and are waiting to see how the new system will be designed.

Existing incentive programs

Delaware does have an existing program that provides school-wide bonuses to high-performing schools, a program started in 2010 using Title I funds and continuing in 2011 using RTTT Funds. The award, called the Academic Achievement Award, is provided to five schools for achieving academic excellence with low-income student populations by either closing the achievement gap significantly or exceeding their adequate yearly progress goals for two or more consecutive years. Each winning school receives \$150,000 to use in the coming school year. Following Title I guidelines, funds may be used for salary bonuses for teachers and staff, with local schools determining the use of funds through a specially designated committee. When the awards are funded by RTTT, the program will continue to emphasize low-income schools by

ensuring that four of the five awards go to schools in the highest quartile of schools with students from low-income families (p. D-23).

While there has not been a state-wide pay-for-performance program for teachers or leaders, some LEAs have negotiated pay-for-performance locally. One district, NCCVT, has had a performance bonus program for leaders and custodial and administrative staff for the last 12 years. As described by the superintendent, “our principals and assistant principals receive performance pay based on several measures, including state test scores, meeting targets with our end-of-course exams, for meeting school-wide student attendance, and for meeting what we call our balanced scorecard strategic goals” (S. Godowsky, personal communication, 1/20/11). While these bonuses are relatively small, \$600 to \$3000 in total, depending on the targets and degree of performance, the superintendent notes that “the dollars don’t make a tremendous difference, but when you put all of this together, it says what’s important to the board and the district.”

Case Analysis

Within the context of the state’s RTTT initiative and accompanying strategies, this section analyses the Delaware case against the four dimensions of the analytical framework outlined in Chapter Three. (See Appendix C for a summary chart of the framework.) The design of the state’s RTTT activities on pay-for-performance for school leaders was consistent with the intent of the federal program, to the extent that it was part of an overall human capital strategy built on performance data. The state plans for salary incentives are generally limited to teachers, except for recruitment and retention bonuses for principals in the highest need schools. However, given the need to roll out a new evaluation model, these policies are not high priorities in the first year of implementation. There is an expectation that these issues will evolve over the

coming years, but that there are more important issues for the state to tackle first, suggesting a lack of consensus about the importance of this issue over the long term.

Clarity of policy objectives

Even though pay-for-performance is not a state priority, it is consistently mentioned in the larger overall human capital strategy. Respondents are very clear that the state is designing statewide bonus programs for the purpose of attracting and retaining highly effective educators. It is part of a larger set of initiatives to support educator quality, but is not a priority policy in and of itself. The state has a very clear policy goal to focus on high-need schools and, because the RTTT programs are so tightly integrated by design, incentive programs are naturally targeted to those schools as well. Bonuses are to be used as an enticement for high performers to serve in high-need schools, and bonus monies will only be available to those high performers.

Respondents are less clear about whether leaders are included in this incentive strategy. Some, at both the state and district levels, declare unequivocally that the state doesn't have a pay-for-performance strategy for leaders at all. The general consensus is that the state does have a bonus program, and that while it could be used for school leaders, the purpose of the program is to reward high-performing teachers, not leaders.

While districts have the option of developing their own incentive programs, most districts rely on state programs to fulfill this component of their RTTT work. Districts that have high-need schools will be taking advantage of the state Talent Transfer and Talent Retention programs, using their local RTTT funds to provide bonuses to eligible teachers. While the state has budgeted for both teachers and leaders in these programs, and while the language is clear in

state documents, such as the RTTT application and the instructions for the district scopes of work, no district considered principals as the targeted beneficiaries of these programs.

Pay-for-performance, beyond these specific bonuses, is conceptually supported by the state strategy to ensure educator performance is considered in human capital decisions. But program designers are clear that such policies are inappropriate at this stage of the implementation process. It is more important for the state to successfully design and implement a statewide evaluation system for both teachers and leaders that appropriately uses student achievement results as a significant factor.

While all schools will benefit from the new evaluation system, the Delaware RTTT strategy preferences the urgent needs of the state's lowest performing schools. RTTT integrates multiple state initiatives, such as curriculum standards and teacher professional development, and brings them to bear on the state's identified "Partnership Zone" schools (p. A-10). This strategy also taps into additional federal programs, such as the School Improvement Grants, creating a targeted investment in these schools. By design, these federal programs provide integrated support for the highest need schools (USDOE, 2011a). As a result, RTTT programs, even when applicable to the entire state, tend to be viewed through the lens of targeted services rather than district-wide or state-wide change.

As Delaware embarks on its RTTT reforms to improve the human capital pipeline, the issue of incentives is not a high priority. The RTTT team at the DDOE sees that "the big issue is the quality of pre-service preparation," along with the "level of accountability," but they note that "it is the evaluation that will drive this work" (C. Ruszkowski, personal communication, 1/10/11). While pay-for-performance is, as described by the DDOE's Chief Officer for the Teacher and Leader Effectiveness Unit, "one area that without question is being talked about,"

he goes on to note that even when districts are open to the conversation, most are not yet ready to act.

There is a willingness to discuss it. But they are really looking at what will be a fair, equitable, and valid system to actually implement that. Then they look back to the state to create that system or set of parameters under which they could even consider implementing it. I wouldn't say that our districts aren't trying to be the ones to innovate, though some of our charters already have it. Our districts are looking to the state to figure out what the student growth model and the teacher evaluation system is going to look like before they go to that 'second inning work,' if you will. (P. Shulman, personal communication 1/10/11)

State officials are clear that pay-for-performance is not a state priority but hold open the possibility that it will become a more significant part of their future work once the evaluation systems are in place. The Chief Officer goes on to note that:

The evaluation will ideally drive some of this work around merit pay if we choose to go down that way. The way we've sort of – when you talk about true pay-for-performance – again not outlined as a priority for us in the RTTT narrative. But with all the great LEA work and with all of the great stuff with RTTT, there will still be areas of holes. To build sustainable change we will have to add new activities and new initiatives to fill those. (P. Shulman, personal communication 1/10/11)

Another member of the DOE RTTT team noted that “For many of them [districts], they are going to try some of the other initiatives before taking on something more controversial like pay-for-performance” (C. Ruskowski, personal communication, 1/10/11).

The Chief Officer noted that, because this issue can be controversial and because the RTTT staff and strategies are new, there are more important things to address first at the state level. “For the most part, we haven't ratcheted up this part of the conversation [pay-for-performance]. Only because we've been here just a few months, and we've been trying to build bridges on certain other avenues that are a little bit less contentious.” Even more to the point, he cautioned that “we aren't trying to push forward with this agenda,” (P. Shulman, personal

communication 1/10/11), reflecting a concern that a singular focus on pay-for-performance could detract from the larger education reform strategies..

.The state is leveraging its new funds to drive changes at the district level. At the state level, the DDOE recognizes that this is a direct trade-off where districts get access to additional funds to support new activities. In return, districts are required to change their behavior around educator performance. Districts and Charters have always been required to use the state evaluation protocol, but now they are expected to both implement the state evaluation tool and use it to make personnel decisions. According to the Deputy Secretary, “we are trying to drive the use of the teacher and leader evaluation system in different ways to make different decisions, not just around hire and fire, but around promotion and attraction and retention opportunities” (D. Cruce, personal communication, 12/16/10). The Delaware Fellows program softens that requirement by offering districts a way to use the evaluation for personnel decisions, create a potential pool of high performers, and provide a program of state support.

The Deputy Secretary describes this trade-off as part of a longer term change strategy:

We hope to see districts begin to make strategic decisions, to say “I need to exit a principal, based on his or her evaluation, and I have a state pipeline from which I can draw an excellent replacement candidate.” We can’t force this at a district level, so we are trying to incentivize this at the state level. We’re saying: “You want the best and the brightest. You don’t have the money to do some things that we can now do. Let’s talk about a \$5K attraction bonus or \$10K retention bonus. You haven’t been able to do that, let us help you with that. What we ask of you is that you begin to look at how you can exit out folks who aren’t performing after reasonable attempts to help them reach the necessary performance level for kids. (D. Cruce, personal communication, 12/16/10)

The state is asking districts to participate in state programs, which do have very specific components like the retention bonus, so that the larger human capital strategy can become more performance based. This strategy reflects the integrated nature of the RTTT grant and the commitment of the Delaware policy actors to a longer term change process that does not

preference one reform agenda over the other. Pay-for-performance is still reflected in the state's RTTT strategy, but it is balanced against the overall reform and against the readiness of districts to fully implement it.

The intent of the policy

The Delaware strategy regarding pay-for-performance for school leaders reflects a highly integrated and systematic approach to the RTTT initiatives. No one program should detract from the larger human capital strategy. So, while pay-for-performance is included in the text of the application and is an option for LEA investment using RTTT funds, it is never relegated to a standalone initiative. State policy actors and district leaders have chosen not to lead with pay-for-performance, choosing instead to build on the leadership work already underway, invest in a strong evaluation system, and ensure that districts have the capacity to implement strong human capital systems, which may or may not include pay-for-performance.

Over the last ten years, Delaware has deeply invested in the improvement of school leadership, establishing new standards for instructional leadership, implementing a new evaluation system, redesigning leadership preparation programs, and providing a variety of targeted professional development for current school leaders. Perhaps as a result of this deeply embedded statewide activity, respondents share a common language about the role of principals as instructional leaders, repeatedly referring to their roles as “supervisors of instruction” and “leading teaching and learning” (J. Wilson, S. Godowsky). This directly mirrors the language in the state standards and reflects a tightly aligned set of expectations for school leaders throughout the state.

The state also sees a long pipeline for leadership that begins with teachers. Consequently, teacher leaders feature prominently in the state's human capital strategy. Local districts are encouraged to develop career ladders for teachers, creating differentiated pay for high performers who assume additional responsibilities; consequently, many districts plan to develop teacher leaders and provide them with increased compensation.

This policy reflects the state strategy of supporting districts to develop strong internal human capital systems, with some programmatic support from the state for specific initiatives, such as the Talent Transfer Program. The state is not attempting to force districts to adopt specific programs or reforms. Rather, the state perceives its role to be to support districts in a change strategy to increase local capacity to improve teacher and leader quality. Whether or not merit pay is part of that local human capital strategy is up to the districts. The state is only providing bonuses in specific instances and as part of a larger statewide initiative. These state programs set the expectation that performance matters and should be rewarded. That philosophy drives the changes districts are expected to implement on the ground, from performance-based evaluation systems to career ladders for high-performing teachers.

Respondents concur that the state strategy for pay-for-performance depends on the state evaluation, and that the state evaluation has to be put into place before any type of incentives or bonuses can be awarded. But the purpose of the redesigned evaluation system is not to lay the foundation for pay-for-performance. Rather, the purpose is to support an integrated human capital strategy that is dependent on effective measures of educator performance. When asked to describe his district's human capital strategy, one superintendent was very clear about the focus on teaching and the role of leadership to support that work:

We look at those teachers and leaders who are highly effective. We also want to offer good professional development so that those teachers and leaders have the skills to be

highly effective. We have put together a group to go out and support our schools and their ability to assess whether a teacher is highly effective or not. Also looking at administrators to be sure they have the skills to be able to determine if a teacher is highly effective. This team is out working with our administrators on the evaluation tool and then going back after we've assessed where they are to be sure that are following up on what they are doing. (H. Broomall, personal communication, 1/18/11)

This strategy is representative of the overall state focus on implementing the new evaluation system, providing support for the assessors, and monitoring progress. The districts' strategies are tightly aligned with the state's and are consistently reflected in the district scopes of work. While districts may be encouraged to develop innovative programs, few districts plan to go beyond the existing state strategy for human capital development. Rather, districts talk more about "implementing state programs" and "participating in Department [DDOE] activities" than they talk about developing new programs (Kanter, 2010; Knorr, 2010). As described by one superintendent, "The pay-for-performance issue is being led by the state department of education. They are going to create compensation plans for teacher leaders that will include salary increases." (S. Godowsky, personal communication, 1/20/11)

Delaware's RTTT plan creates the opportunity for LEAs to design their own pay-for-performance programs beyond the state-led incentive programs targeting high-need schools. But, district respondents commented that only those schools classified as high-need would be eligible to participate in pay-for-performance programs at all, whether the pay-for-performance programs were sponsored by the state. One respondent, representing a district with no high-need schools, considered his district ineligible to participate in the state's pay-for-performance strategy. While his schools would not be able to take advantage of state sponsored pay-for-performance activities, his district could in fact use RTTT funds to design and implement pay-for-performance programs. This was not a priority for him and therefore the program was never considered in his local planning process. As he describes it, "In our discussion with our teams,

which includes teacher union leaders and administrators, no one felt that was a carrot to increase student achievement, so we decided to focus more on professional development and work environment. So we aren't doing a kind of pay-for-performance in our application.” (H. Broomall, personal communication, 1/18/11)

Therefore, during this first year of implementation, this district is not “eligible” to participate in the incentive programs, and he does not choose to elevate it as a priority for his district. Even if his district was eligible, one superintendent did not see the need to take advantage of this provision:

We didn't see a need from a teacher perspective or our principal perspective as far as that would be the carrot to get student achievement going. We weren't seeing a high turnover in our high-need schools. What we keep seeing is a lack of professional development as far as what they need. If we do that, and still see a lack of instruction in those schools, then we'll have to remove staff members. Once we are down to that, then we may have to incentivize people to go to those buildings, but it hasn't been an issue to get people into those schools. (H. Broomall, personal communication, 1/18/11)

Like this superintendent, respondents uniformly saw a separate incentive program as a distraction from the larger issues of educator quality. Another district leader summed up his perspective on the issue: “My fear is that the time, energy, and resources required to make this work for teachers won't give us the bang for of our buck.” (S. Godowsky, personal communication, 1/20/11) Separating out performance pay from the larger human capital strategy appears to create confusion and potentially detracts from the focus on performance itself. The current state strategy, focusing on transfer bonuses and salary incentives for teacher leaders, may bring incentive programs to the state without derailing the more valued work to roll-out a performance-based evaluation system.

Alignment with the federal agenda

Delaware's strategy to leverage incentives as part of a larger human capital strategy is consistent with the federal intent of RTTT to create lasting education reform by driving state policy change. The critical feature of Delaware's pay-for-performance strategy is that, in order to be eligible to participate in a bonus program, educators must receive a highly effective rating on the state evaluation. The state evaluation currently requires student achievement results to count for 20 % of an educator's overall score. The new evaluation being developed in the first year of implementation raises that percentage to 50, meeting the federal expectations that educator performance ratings rely significantly on student achievement results. Because Delaware already had student achievement scores in the principal evaluation, the increased percentage was not perceived to be a significant change, although determining appropriate measures for all teachers is the greatest challenge facing the state before the evaluation system is rolled out to all educators in the 2011-12 school year.

Because Delaware is a small state with only 17 districts and 9 additional charter schools, the state is able to roll out the newly designed evaluation to all teachers and leaders in the first year. Regardless of whether a district has high-need schools, all schools will participate in this aspect of RTTT. Districts do have the ability to prioritize RTTT activities and customize them for their local context; although some statewide activities, such as the new evaluation, are required for all schools. Other programs, such as the Talent Transfer program, are designed at the state level but implemented locally. Districts are in frequent communication with the USDOE and have confidence that they can adapt their local RTTT plans to meet local needs.

While districts reveal some frustration with the rapidly changing procedures and the many new initiatives spawned by RTTT, they also express high expectations for the state role

and understand that they have to wait for the state to complete its design work before they can move forward. There is no lack of understanding on the part of the district about what the state's strategy is and how pay-for-performance fits into it. If districts do not feel that their system can benefit from the incentive programs, they do not have to participate in that aspect of RTTT.

This balance between state expectations and local strategy reflects the preexisting tight alignment between local districts and state reform initiatives. As districts prioritize their involvement in RTTT, they can choose whether to implement the bonus programs in their districts. Even if a district chooses to participate, it must still demonstrate that it has critically assessed its human capital needs and considered the role of these state bonus programs. This process reflects a change in thinking that the state is hoping to drive at the local level. By offering specific programs for districts to utilize, like the Talent Transfer program, the state reinforces the use of the new performance-based state evaluation system and pushes for performance measures to be used in human capital decisions.

The agenda around pay-for-performance is not to implement a single program; the agenda is to ensure that districts can assess the performance of their employees and use that information to make personnel decisions. While some districts may be ready to connect performance to compensation, not all districts are. Provided that the districts are actually implementing performance assessments of educators and beginning to use those measures to make some critical decisions, such as using the Talent Transfer program or career ladders, the state is fulfilling its strategy.

Delaware took advantage of the integrated nature of the Great Teachers and Leaders section, choosing a deliberate strategy to deeply invest in the design and implementation of an evaluation system. Respondents recognize that the evaluation is a tool to a more integrated

human capital strategy that is part of a larger improvement effort. One superintendent, who is planning to utilize the state incentive program when it comes online in the second year, noted the limitation of that program and its relative importance to his overall district strategy, “It’s a supplement to their salary,” he said. “I think it works in concert with other things – balanced scorecard, reviews and annual goals. It’s a component of the whole piece, but it’s not something in a budget crunch that I would hold on to. I would give that up easily.” (S. Godowsky, personal communication 1/20/11)

Consensus of the state coalition

In the first year of RTTT implementation, the state quickly organized internal structures to support the new work outlined in the state action plan. Districts responded to the initial request for participation by signing a memorandum of understanding and then later committed to a specific scope of work. That scope of work was revised a few times to meet changing expectations and requirements, creating the feeling that “we’re building the plane as we fly it,” as one superintendent described it (S. Godowsky, personal communication 1/20/11). But these initial bumps in the road did not change the tight alignment between state and district language regarding the state’s incentive policies.

Principal pay-for-performance issues were barely considered in the drafting of the Delaware RTTT plan. Even though leadership was a critical issue, the preponderance larger numbers of teachers and the longstanding investments in education leadership made teachers more of a priority in the overall discussions. However, pay-for-performance for teachers was considered and discussed, though it was not a top priority for the state’s leadership as well.

The state's design strategy for RTTT was to create consensus among the policy actors various stakeholders around the priorities and key activities. This consensus approach was greatly aided by the foundational work of Vision 2015, which included many of the same stakeholders and considered many of the same issues, including a recommendation for performance pay for principals. By considering the RTTT application as a whole, the state was able to balance the interests of one group with those of another, creating an overall approach that everyone could sign on to. The Deputy Secretary of the DDOE describes how this trade-off worked regarding pay-for-performance:

Pay-for-performance may initially rub some folks the wrong way. So we wanted to balance that with something directly that teachers wanted and we also found valuable, which was these teacher leader positions, where they have one foot in the classroom and one foot out of it. We think it's a great idea, so we pushed that equally in our application as we pushed pay-for-performance. We are committed to everyone. Collaboration means that you don't get everything you want; it means that everyone gives up a little, which is why it is important that everything is equally weighted. (D. Cruce, personal communication, 12/16/10)

The director of the state's leadership academy and a participant in the RTTT design discussions said, "I think people have given support [to the incentive programs] because they knew that it was contingent on getting RTTT that you be supportive of this (J. Wilson, Personal communication, 2/2/11)." She added, "I was not hearing a lot from superintendents about it."

When asked about pay-for-performance for principals, superintendents repeated the state strategy, detailing state plans for career ladders and transfer incentives for teachers. According to one district superintendent, "The pay-for-performance issue is being led by the state department of education. They are going to create compensation plans for teacher leaders that will include salary increases." (S. Godowsky, personal communication 1/20/11) Because these state programs are dependent on the state evaluation protocol, districts have a "wait and see" approach to implementation. The programs are included in their RTTT scopes of work and they

will be implemented when the state has completed the design process and begins to make the program available to districts. At best, these incentive programs are conceptual for districts because they will not be rolling out for another year. District implementation is completely dependent on the state completing the new evaluation system, although districts have begun to develop career ladders and plans for retention bonuses in their Partnership Zone schools. Where they can, districts are moving forward, which is consistent with the state strategy of implementing supporting programs to meet locally determined needs.

The policy actors embrace their role as supporters of district work and emphasize the challenge of building capacity for change at the both the state and the district level. At the state level, pay-for-performance is at the end of a larger continuum that depends upon the evaluation system. State policymakers are encouraged to see some LEAs, particularly charter schools, put merit-pay policies in place, but they understand the controversial nature of this policy and are not requiring statewide participation. While Delaware's RTTT goal is to have all districts engaged in some kind of compensation reform, district participation in that program will be scaled up in years three and four of the grant and will be dependent on the state successfully implementing a new evaluation system.

There is no urgency around pay-for-performance, even though it is a statewide policy goal of the larger Vision 2015 education reform plan. As described by a local education foundation officer involved in Vision 2015, even though "everyone signed on to that report...no one has carried the flag on this [pay-for-performance]" (personal communication, 4/4/11). The official went on to say that there is an understanding that the evaluation must come before pay-for-performance, noting that no one is "saying we have to start it before we have an evaluation." One district RTTT supervisor noted that "the debate is there on both sides for performance pay

and that's a good debate to have," but he did not feel that the state was in agreement regarding the appropriate use of incentives in a human capital system (R. Fuller, personal communication, 3/29/11).

Policy makers and practitioners alike have a clear understanding of the complex evaluation and data systems required to successfully implement a pay-for-performance system and are content with state progress toward that goal. District actors are more ambivalent about the policy. Even where districts are creating bonuses for teachers as part of their RTTT work, no districts are developing their own internal merit-pay systems and none are focusing on performance pay issues for school leaders. However, the performance pay language persists in the RTTT work, appearing in all RTTT documents, action plans, and emerging state policies around evaluation. Regardless of state or district action on pay-for-performance, the state is maintaining the policy as part of its larger strategy, implementing the evaluation with an eye to using it in performance pay programs, building capacity around state incentive programs, and encouraging pay-for-performance for both teachers and leaders as options for districts. In sum while Delaware is not implementing a pay-for-performance strategy, it is building a base that will allow pay-for-performance strategies to develop in the future.

Effect of external influences

As noted earlier, Delaware's education reform strategy, most recently detailed in the broad stakeholder report called Vision 2015, laid a solid foundation for RTTT activities work. External consultants played a supporting role in the design of leadership strategies, and external funding provided resources to support the design of the state's Cohesive Leadership System

(DDOE, 2011c). These programs were operating within the state over the last decade and had a recognized track record of success among the respondents.

A variety of national programs are planned for replication in the state's RTTT application, including national partners for the continuation of the School Administrative Managers program (Appendix D-73.), for alternative certification programs with Teach For America (p. A-43), and for turnaround schools with Mass Insight (p. D-73). However, none of the respondents noted the effects or influence of external partners regarding the use of pay-for-performance strategies. National best practices and research were considered in the design of the application and the determination of state strategies, but there was no external pressure driving a pay-for-performance agenda for principals.

CHAPTER 5

MASSACHUSETTS' RACE TO THE TOP

Introduction

Massachusetts Governor Patrick kicked off a statewide education reform strategy in 2008, called the Education Action Agenda, which set the stage for the state's successful Race to the Top (RTTT) application in 2009. In an effort to address specific components of RTTT, Massachusetts called a special legislative session in January 2010, resulting in new policies, such as lifting the cap on charter schools, increasing state interventions in low-performing schools, and creating Innovation Schools to encourage experimentation within districts (Vaznis, 2010). Unlike other states, no action was required regarding the use of student achievement data or educator evaluation, issues which had been addressed in earlier reform efforts.

Two hundred fifty-six Local Education Agencies (LEAs) signed on to the state's RTTT proposal, which is 65 % of the eligible LEAs, representing 72 % of K-12 public school enrollment and 86 % of students in poverty. While many districts chose not to participate, the state coalition was strong, broadly representing both the education and business communities.

In the original RTTT proposal (2010), Massachusetts planned to address compensation reform by increasing district capacity to improve all human resource practices, which could include compensation policies. The plan made no explicit provision for principal pay-for-performance policies or programs, but does include a revised state educator evaluation system that includes performance measures based in part on student achievement (pp. 97-99). This

evaluation system sets the stage for districts to implement performance pay systems, but the RTTT strategy does not plan for or fund local adoption of pay-for-performance programs. While the state plan includes training for districts to improve their human resource capabilities, compensation reform has played little to no part in the state RTTT strategy.

In the first year of RTTT implementation, the Massachusetts case of principal pay-for-performance explores the conditions which made performance pay a “non-issue” and reflects the state’s overall strategy regarding educator quality and the appropriate role for the state in district implementation efforts. This chapter includes three sections. The first section outlines the Massachusetts Race to the Top proposal, with particular attention paid to activities related to principal quality and, as an extension, principal pay-for-performance. The second section provides some context around state activities relative to educational leadership and pay-for-performance. Both of these sections rely heavily on interview data, presented as much as possible in the original voices of key informants and supplemented with archival documents. The third section presents a case analysis, utilizing the five dimensions of the analytic framework.

Overview of Massachusetts’ Race to the Top

The RTTT grant included a number of initiatives designed to improve the quality of school leadership, which is included in the state’s RTTT priority to develop “an effective, academically capable, diverse, and culturally competent workforce.” These activities, including training for school leaders, did not reflect a change in the course of the state’s education reform activities. Rather, most of the educator quality initiatives were a continuation of earlier efforts, as evidenced by the legislative activity in January 2010 in preparation for the RTTT grant. This

legislation included a number of key items regarding charter schools and other interventions for the state's lowest performing schools; none of the items, however, addressed work in the Great Leaders section and none directly impacted state policies regarding school leader quality. This extension of the existing strategy led state policymakers to note that there is "no new work in leadership development" as part of the state's RTTT application and that "the RTTT funds will help us do more of what we are already doing" (C. Bach, personal communication, 1/26/11; D. Haselkorn, personal communication, 3/29/11).

In its application, Massachusetts commits to "differentiate educator effectiveness using multiple measures, including student growth data, and align these measures of effectiveness with decisions along the educator career continuum." Within this goal lie all elements of leader quality, which potentially includes pay-for-performance. However, Massachusetts is only able to offer a "conditional" commitment to the RTTT criteria "to use evaluations to inform compensation, promotion and retention" because all such commitments are subject to local collective bargaining, particularly related to teacher evaluation and compensation. The state notes, as a footnote in the original RTTT application (p. 19), that:

Although these commitments are conditional, when we pass new state regulations on educator evaluation, every participating district will be required to bargain the issue and to align their evaluation system with our state framework. The extent to which an LEA needs to negotiate over other issues depends on the local collective bargaining agreement and past practice in the LEA.

While compensation could be included as one of the "other issues" to be collectively bargained, the language used in most communication about RTTT makes no reference to it. In the executive summary of RTTT the use of performance measures will inform a number of elements affecting educator quality, including "local evaluation, professional development, career pathways, and the removal of ineffective educators." At the state level, these measures

will be factors in “a redesigned, tiered licensure system.” Compensation reform is referenced in passing throughout the state’s RTTT application but is rarely mentioned in state supporting documents.

To achieve the goal of differentiating educator effectiveness, the state plans to undertake three specific initiatives, including the redesign of educator evaluations, increased district capacity to address human resource needs, and a targeted recruitment effort to attract highly effective educators to work in low-performing schools. One additional program, a career ladder initiative, also provides incentives to teacher leaders, but is limited to teachers and is not designed as a principal incentive program.

Redesigned educator licensure and evaluations. To emphasize the role of principals as instructional leaders and to more clearly define performance for principals, Massachusetts planned for the adoption of new Leadership Standards and Performance Indicators in fall 2010. The original RTTT design states, “These will be used to develop new performance assessments for principals at the Initial stage and portfolio assessments at the Professional stage” (p. 109). This strategy is the first large initiative under the Great Teachers and Leaders section of RTTT. To accomplish this task, the state convened a Task Force and charged it to present a new recommended evaluation framework to the Board by December 2010. That work was delayed by a few months, due in part to the complexity of the work and in part to disruptive winter storms. According to one member of the task force, who is a former superintendent and now works with a non-profit organization, this work was foundational to the rest of the state’s reform strategy:

The thinking is that if we can really systematize the evaluation standards and processes across the state and if we can hone a supervisor’s ability to analyze teaching effectively so that it is both a doable task, a task that represents the highest standards, all linked to student achievement and learning, we will elevate the work of educators and educational leaders. The umbrella here is “what is inspected is expected.” By paying attention to that,

the hope and goal is that we can raise standards. (J. D'Auria, personal communication, 12/20/10)

The Board received a report from the Task Force in March 2011 the framework for both teacher and a leader evaluation is, at the time of this publication, in a public comment period.

The proposed regulations would reward teachers and administrators whose students show more than a year's worth of growth in proficiency under the Massachusetts Comprehensive Assessment System and on other exams, while educators whose students underperform would be placed on one-year "improvement plans" (Vaznis, 2011a). As required by collective bargaining rules, each district would use the state evaluation model and negotiate for local implementation. The final vote will occur in June 2010 and the new system will be implemented in September in "Level 4 schools," those schools designated most in need of improvement by the state.

District support. In an effort to address the systemic challenges facing districts to ensure a pool of highly effective educators, the RTTT plan includes targeted assistance to high poverty districts to increase their human resource capacity. Human resource experts will provide technical assistance "to strengthen recruitment, hiring, and selection practices" which includes "working with districts to craft both monetary and nonmonetary incentive packages" and "supporting districts to use effectiveness measures to redesign systems for selection, hiring, assignment, compensation, and dismissal of teachers" (p. 121). This assistance is specifically designed to address the challenge of retaining highly effective teachers and makes no mention of principals or other school leaders, except as decision-makers in the hiring of teachers.

The state currently has district standards that are used to monitor and assess district performance. One of the indicators emphasizes the quality of these human resource systems, measuring the extent to which the district "identifies, attracts, and recruits effective personnel and structures its environment to support, develop, improve, promote, and retain qualified and

effective professional staff who are successful in advancing achievement for all students.” In this way, the state will hold districts accountable for the effectiveness of their human resource functions. Neither pay-for-performance nor compensation reform is explicitly referenced in the state plan, but may be used by districts to support their efforts to retain high quality teachers and leaders if they so choose, consistent with the collective bargaining provisions in place. However, according to the Associate Commissioner from the Massachusetts Department of Elementary and Secondary Education (MDESE), “Pay increments on the basis of student achievement gains may be a hot topic elsewhere, but it is not an approach we see currently being pursued in Massachusetts.” He concludes by noting, “Compensation reforms must be placed in the context of overall human capital strategies that support the broader goals of developing high expertise teachers and leaders” (D. Haselkorn, personal communication, 3/29/11).

Turnaround leaders. Massachusetts plans to build a pool of highly effective leaders to serve as turnaround leaders in the state’s highest need schools by both developing current principals and assistant principals and by training a cadre of new leaders. A current program funded outside of RTTT, called the Turnaround Leaders Institute, will train current successful principals and assistant principals to assume new leadership roles in low-performing schools. RTTT funds will be used to provide monetary incentives to attract and retain these leaders. To develop new school leaders for these critical positions, the state will also support new training programs that will train up to 80 aspiring leaders to serve as turnaround leaders. The first cohort of these new principals will be placed in the third year of the grant, following a 14-month apprentice program. Turnaround Leaders will receive a recruitment bonus at the beginning of their first year and will receive a retention bonus at the end of their third year. The state plans to use a combination of RTTT funds and Title 1 funds to implement this program in eligible

schools, linking this incentive program with a variety of other interventions coming to the state's most underperforming schools and districts (p. 120).

Career Ladder Program. Massachusetts proposes a new tiered certification structure that will identify highly effective teachers through the redesigned performance-based evaluation and promote them into teacher leadership roles, “such as mentor, instructional coach, or data team leader.” Districts may “choose to award additional pay...under locally determined collective bargaining units” (p. 108). In this program, the identification alone will not provide teachers with a bonus or additional pay. Additional compensation will be based on new roles and responsibilities, though promotion into those positions will be determined by performance as assessed on the state evaluation, which includes teacher effectiveness data based on student achievement results. In addition to the tiered licensure, which is scheduled for implementation in the second year of the grant, the state will also encourage the highest need districts “to provide additional compensation to recruit and retain highly effective teachers in leadership roles” (p. 109), not relying solely on the state-designed licensure system. This fourth RTTT initiative provides incentives to educators and creates a pipeline of teacher leaders, but it applies only to current teachers.

State Context

Since the Massachusetts Education Reform Act of 1993, the state has been actively engaged in education reform activities designed to improve the teaching and learning environment, and state policymakers explicitly “used RTTT to build on what was already underway” (D. Haselkorn, personal communication, 3/29/11). Statewide initiatives targeting the quality of school leadership have been in operation since 2001, including the state's design of a

“cohesive leadership system,” funded in part by the Wallace Foundation. This project seeded a variety of training programs and targeted policy action to support improvements in school leadership, including the planned redesign of the state’s leader evaluation system. These reforms laid a solid foundation for the RTTT plans, which deepened the focus on school leadership in high-need schools and raised the question of the appropriate use of student data in leader evaluations (MDESE, 2010a).

Because all teacher contracts must be negotiated locally, the state generally does not involve itself in compensation issues. The state did, however, sponsor an incentive program in 2000 targeting teachers, called the “Signing Bonus Program,” which ended with mixed results following a reduction in the state budget (Fowler, 2008; McDermott, 2005). The state applied for and received a Teacher Incentive Fund grant in 2010, which is a federal grant to the state department of education and partner school districts to redesign teacher compensation systems in those districts (Guarino, 2010).

These targeted efforts modestly involve the state in compensation issues, but all teacher salaries are generally left to local contract negotiations. These collective bargaining rules do not apply to principals, a change made in the 1993 Education Reform Act (Anthony & Rossman, 1994; McDermott et al., 2011). As a result, local districts have the ability to negotiate contracts independently with all administrators and can include incentive pay at their discretion.

Cohesive Leadership System

Since 2001, Massachusetts has invested in a variety of reforms and activities to improve the quality of education leadership. This work, sponsored in part by a multi-year grant from the Wallace Foundation, created a “cohesive leadership system” which supported the leadership

pipeline from recruitment through retention. Led by the Department of Education, this effort included a variety of state partners, such as the administrators' associations and the two largest urban districts in the state, Boston and Springfield Public Schools. This work redefined school leadership as "leadership for learning" and aimed to create a standards-based and fully aligned accountability system for school leaders. The state invested in a variety of leadership training programs, both for district leaders as well as school based leadership teams, established new standards for licensure, and developed career ladders for future and current school leaders (Brayton Toole, Burke, & Connolly, 2007; Haselkorn, 2010; MDESE, 2010b)

A 2009 study by RAND Education (Augustine et al., 2009) found that Massachusetts had successfully created a cohesive leadership system, aligning state policy and district practice. Specifically, the report found that Massachusetts had made significant progress in providing training for school leaders and that "the state increasingly worked with districts in collaborative ways" (p. 59). However, in comparison with the other Wallace grantee states, Massachusetts did not fully develop a cohesive leadership system because the state needed to "find ways to engage the higher education community in order to continue to advance its leadership agenda" (p. 53). However, Massachusetts does have a broad coalition of stakeholders, called the Education Leadership Alliance, that designs and delivers leadership services. This Alliance, which includes professional organizations, service providers, and the Department of Education, coordinates some of the state activity regarding school leadership reform since its founding in 2001.

Evaluation

Although the work on evaluation began under the earlier efforts of the cohesive leadership system, it was the RTTT that led to the creation of a state task force on evaluation.

The task force was charged with developing an evaluation framework for all educators, including both teachers and administrators. Which measures to include in the principal evaluation is described as the “biggest challenge” in RTTT. The Associate Commissioner from the Department stated:

... how are you using them [the measures] – not just student learning and growth, but also other leadership responsibilities – so that you have a fair and robust evaluation framework that adequately deals with the three principle goals of evaluation: professional growth , accountability, and – one that we take very seriously in MA – how the evaluation framework and the identification of highly effective educators can be used in a systemic way to strengthen capacity at the school and district level. (D. Haselkorn, personal communication, 3/29/11)

The evaluation framework must come first in the work plan for RTTT because so much of the later projects supporting improvements in teacher and leader quality rest on its success.

The final recommendation, made after six months of regular task force meetings, included the statement that “multiple measures of student learning, growth, and achievement as a significant factor in all educator evaluations is a core feature of the framework” (Massachusetts Task Force on the Evaluation of Teachers and Administrators, 2011, p. 5). This represented a negotiated final perspective, the result of “spirited debate” among the task force members. As detailed in the report (p. 12):

Most members of the Task Force believe that student outcomes should play a significant role in educator evaluation but should not be the primary yardstick. A few Task Force members believe that student learning and growth, broadly defined, is the most important factor by which an educator’s effectiveness must be measured. Many felt that the inclusion of student outcomes in the framework is in itself a significant development.

The Director of the Elementary School Principals Association, a member of the task force states, “nobody has expressed negative thoughts about being held accountable, but you have to be held accountable in a rational and fair way” (N. Higgins, personal communication, 3/29/11). The final regulations, released for public comment in April 2011, are silent on the weight of student achievement data in the final evaluation but do require multiple measures, including

statewide standardized student assessments as one indicator (MDESE, 2011). Incentives based on the revised evaluation, which may be adopted by local districts, are not referenced in the proposed regulations.

The task force on evaluation created structural divisions between teachers and leaders, charging subcommittees to consider teachers and leaders separately; however, some respondents felt that that structural balance did not reflect a balanced focus. The Assistant Director of the state Association of Secondary School Principals, who served on the Evaluation Task Force, noted that “there was a working group that looked at the standards for administrators, but much of the focus was on teachers” (L. Hayes, personal communication, 3/30/11). However, another Task Force participant recalled that “the teachers’ unions kept stopping and making sure that we were talking about teachers and administrators” (N. Higgins, personal communication, 3/29/11). She went on to note, “Sometimes shorthand language was used for just teachers, but the intent was really for both.” This comment is reflected in the task force’s final recommendation, which noted that the “Task Force consistently used the term “educator” to denote both teachers and administrators” (p. 8). So while teachers are the focus of the discussion and the targeted work in RTTT, in the evaluation, final instruments were proposed for both teachers and leaders, and the committee itself included representatives for both the teachers and the various school leader associations.

Principal compensation

As a result of the 1993 Education Reform Act, principals were removed from the collective bargaining agreement and became “at will” employees. Principals were now expected to have multiple-year contracts based on performance. The theory behind these changes is that

principals would gain increased authority to hire the teachers they needed for their schools and be able to make better decisions to improve instructional practice (McDermott, 2006). As a result of this change, principals in Massachusetts negotiate their contracts individually with the district. Because there is not a common pay scale for Massachusetts principals and because districts have the flexibility to negotiate principal contracts, the Assistant Director of one of the administrators associations noted that “some individual districts do have bonuses for school leaders” (L. Hayes, personal communication, 3/30/11).

Some districts do exercise this flexibility with principal contracts and create performance contracts that include incentives. These contracts may include performance pay provisions, but there is no state requirement, expectation or incentive that they do so. From the perspective of superintendents, the process is established by the district.

A superintendent can pay a principal whatever he or she likes. Granted there is a budget, but, as a superintendent, if the teachers were getting a three percent raise, and I wanted to give a particular principal a seven percent raise, short of the politics of it, there is absolutely nothing stopping me from paying one principal more than another principal. (J. D'Auria, personal communication, 12/20/10)

I sit down with principals and do an evaluation. That evaluation is based on the objectives they set for the year, plus any other significant accomplishments or problems if they have arisen. Based on that evaluation, I essentially give them a raise. Some principals sometimes get less; sometimes get more, but the norm is that there is a variance. ... It depends on 2 critical things: #1 is performance and #2 is relative pay scale. (M. Masterson, personal communication, 12/21/10)

As one district leader noted, “Districts are able to do what they need to do to attract and retain the leaders they need for their schools” (K. Fenton, personal communication, 4/12/11).

Though there is no comprehensive list of principal contracts, the sense among the respondents was that some principals did have performance pay contracts. Moreover, respondents felt that because there is no statewide salary structure for principals and because of local discretion, that there is a wide range of principal salaries across the state. In practice, this

means that principal compensation is market driven and may already be providing some performance incentives.

Case Analysis

Within the context of the state's RTTT initiative and accompanying strategies, this section analyzes the Massachusetts case against the four dimensions of the analytical framework. (Appendix C) The design of the state's RTTT activities on pay-for-performance for school leaders nods in the direction of the federal intent but does not specifically commit the state to designing or implementing a pay-for-performance strategy for either teachers or leaders. The design of the state's RTTT activities on pay-for-performance for school leaders was not consistent with the intent of the federal program because the state does not consider pay-for-performance to be a state policy activity. While the state's RTTT strategy includes the increased use of performance data in educator evaluations and limited use of incentives, the state makes no plan for compensation reform. There is a consensus among both state and district policy makers that pay-for-performance is not a current priority or an aspirational goal for the state's reform plan and that the issue is largely a distraction from more significant issues.

Clarity of policy objectives

The state's RTTT strategy is silent on pay-for-performance, except to the extent that it will encourage districts to build local capacity around human resource decisions, which may include compensation. A targeted initiative to provide bonuses to turnaround leaders is not commonly viewed as pay-for-performance, suggesting that this incentive program serves a different purpose in the overall state policy. While bonuses may be awarded to individual leaders

and teachers serving in high-need schools, there is no sense that this practice is a precursor to a larger statewide strategy or intended to be uncoupled from the multiple turnaround strategies targeting these schools.

Pay-for-performance had a few champions in the original RTTT discussion, most notably the Massachusetts Business Alliance for Education, but in the final plan, pay-for-performance was determined not to be a state strategy at all. The state partners, finding there to be little research to support such policies and significant local challenges as the policy applied to teachers, focused the state strategy on building the capacity of human resource functions. These functions, continually defined in the application and subsequent guidance to districts, rarely uses the language of the original RTTT request for proposals, focusing instead on the “recruitment, development, and retention” of highly effective educators. While compensation could be considered a component of the retention strategy, it is not explicitly referenced.

Interest in pay-for-performance has been muted in Massachusetts. As noted by Associate Commissioner for Educator Effectiveness with the Massachusetts Department of Education, “The research and previous history of merit pay counsels a very careful approach” (D. Haselkorn, personal communication, 3/29/11). RTTT helped focus states’ attention on student learning as a significant factor in educator evaluations, discerning variability in educator effectiveness, and using improved educator evaluations to inform key personnel decisions. In Massachusetts, this approach is taking the form of identifying exemplary teachers for new roles, responsibilities, and rewards—at the district level. The state’s role will be in developing teacher leader endorsements to licensure and participating in the Teacher Incentive Grant that is establishing pilots in two of the state’s largest districts. However, the state and its pilot districts

have been clear that the incentives are linked to new roles and responsibilities that educators undertake as a result of having been identified as exemplary in their practice.

But this issue proved to be as far as RTTT framers were willing to push the conversation. There was no interest shown by any of the informants to have the state move in the direction of pay-for-performance. Multiple informants noted that they “don’t know of anyone who believes in it” and “don’t know who would represent it.” However, there was support for the use of student achievement measures in performance evaluations. This emphasis on the use of student achievement data met the requirements of the RTTT competition without breaking into a debate about pay-for-performance, which had no broad-based support and no strong advocates.

The real policy objective noted by several informants is the implementation of the new evaluation system. In this, there is general consensus that RTTT is providing funds to better attend to the implementation of a complex evaluation instrument and tackle the challenge of designing, collecting and analyzing the necessary student achievement data. Informants noted that the Evaluation Task Force heard from external experts about the importance of implementation, which is more significant than the revised standards themselves. One task force member noted that “the hope is that because RTTT has funding, there might be a chance of actually supporting the implementation [of evaluation] in a way that previous iterations of this work had not been able to do.” The director of one of the administrators associations reflected that “there was a need for revision [to the current principal evaluation], but it will be no better than the old system if we don’t attend to implementation” (N. Higgins, personal communication, 3/29/11). From the district perspective, this new evaluation system, which is based in part on student achievement data, creates a “daunting” amount of work that could not be done without the infusion of RTTT funds. A leader of an urban district commented that it will take “millions

of dollars just to get our data system just to talk to payroll and get the data down to the student” (K. Fenton, personal communication, 4/12/11). She went on to note, “You have to get this right. ... It’s a burden on the districts just to get ready for that.” RTTT did not change the objective of having a high quality evaluation system. Rather, informants perceive that the RTTT funds provided a “burst of funding” that allowed the state to attend to the implementation needs of a robust data-rich evaluation system, which might not be possible otherwise.

The balance between teachers and principals in the policy discussions regarding the RTTT Great Teachers and Leaders strategy creates a natural competition between the two. In Massachusetts, where principals and teachers have different rights under the labor contracts, this issue is even starker. The director of a statewide education non-profit reflected on this balance:

Because principals are not subject to collective bargaining agreements, there is a sense among the respondents that the principals may already have pay-for-performance, as it can be negotiated, and high performers can command great salaries from district to district. Principals aren’t in a union, so they don’t have union power behind them. You can fire a principal at will. The issue of letting go of ineffective principals is less of an issue. So people are more focused on what are we going to do about teachers and how to incorporate student data into the model. (J. D’Auria, personal communication, 12/20/10)

Because principals already have a type of pay-for-performance, there is no problem needing to be addressed.

The intent of the policy

Because Massachusetts does not have a programmatic goal to implement pay-for-performance, the state may be considered a “non-case” in this larger study. The director of an education nonprofit saw that “there is not a lot of focus on principal pay-for-performance” (W. Guenther, personal communication, 4/5/11). However, he went on to note that “it is embedded in

the general staff and teacher provisions,” though not expressly planned for or discussed as part of the state’s RTTT strategies.

However, the RTTT grant includes specific language around the use of evaluation data to inform human resource decisions, including compensation, and the state does encourage districts to find innovative solutions to retaining high-performing teachers and leaders. While there is no explicit state strategy to provide pay-for-performance for principals, there is an implicit theory of action that moves human resource decisions down to the local level. The role of the state is to provide an evaluation framework that districts must use and the tools, templates, and models for implementing the evaluation framework that districts can choose to adopt or adapt. If they choose to adopt pay-for-performance for teachers or principals, those provisions would need to be negotiated locally. The Department’s Associate Commissioner for Educator Effectiveness defines the state strategy in this context:

To be able to do anything in the area of performance based compensation, you need to fix evaluation first. Of course fixing evaluation was one of the centerpieces of the RTTT RFP [Request for Proposal] and our application. That will give the districts and the state both new tools, new transparency and more visibility to move forward on the learning laboratory that its teacher incentive grant is designed to provide for new approaches to performance based compensation systems that are linked to new roles and responsibilities. (D. Haselkorn, personal communication, 3/29/11)

Therefore the state is staying within the existing playing field and tackling policies within its domain. Only in the case of turnaround schools, where the state may be in a position to takeover and where significant state-imposed requirements exist, is the state pushing forward with any kind of incentive program.

Respondents express confidence in the current approach to educational leadership, and none of the state-level respondents suggested that the state should have had a more substantial pay-for-performance policy for principals as part of the RTTT proposal. Some respondents

noted that the only reason any kind of pay-for-performance was even mentioned in the grant proposal was because “we had to do it for the grant.” A few respondents cited national research indicating that such policies would not positively impact student achievement, while others noted the difficulties other states were having dealing with this issue. In general, respondents expressed the sentiment that “Massachusetts doesn’t have a pay-for-performance policy.”

The state’s strategy of leaving all compensation and contract decisions at the local level reflects both the collective bargaining framework, which drives teacher contract negotiations, as well as an assumption that the state plays no role in such discussions. Since 1993, when principals became “at will” employees, districts had full power to negotiate contracts with administrators and structure those contracts in any way they saw fit. All of the state-level policy makers interviewed for this study referenced that rule change and most had experienced it. As if that hard-fought debate was no longer worth discussing, the issue of pay-for-performance for principals did not register as a critical conversation within the larger context of educator compensation reform. However, there was no larger context of educator compensation reform for teachers either. The state encouraged the TIF grants and pushed some incentives into the targeted turnaround schools, but beyond those targeted initiatives, the concept of pay-for-performance was “dead on arrival”.

This strategy positions district leaders and principals as the managers of human capital and reinforces the state’s clear distinction between teachers and administrators in the workforce. The priority for the state is clearly focused on improving instruction by improving classroom teaching, with principals as instructional leaders who ensure that teachers have the resources, supervision, and support needed to be successful. While there are specific initiatives dedicated to

improving the school as an organization and improving the capacity of both school and district leadership, the state's emphasis is on improving classroom instruction through teacher quality.

While this strategy is fundamentally no different than in other states where the focus is on student achievement results, the respondents in Massachusetts talk consistently about “elevating the teaching profession” and “increasing the capacity of classroom teachers” as the priority for the state's RTTT strategy. This is a direct extension of the state's twenty-five year trajectory of education reform, starting in 1993 and continuing through Governor Patrick's 2009 Education Action Agenda. The state used the opportunity of RTTT to extend the existing strategy with only a few minor tweaks and almost no compromise. As described by one of the administrator associations, “No one went into the [RTTT] application thinking we were completely broken and needed to be fixed; rather that it was an opportunity to continue the work that had begun” (L. Hayes, personal communication, 3/30/11). The current trajectory of education reform had the confidence of most stakeholders who sought to stay the course rather than make any significant changes.

Where pay-for-performance could have detracted from the state's original framework of reform, the state chose not to engage at all in that policy consideration, even though it was a requirement of the Request for Proposal (RFP). Instead, the state addressed the issue of incentives through targeted initiatives for the lowest performing schools, took advantage of other funding opportunities that more narrowly pressed that agenda, and chose to operate within the existing conditions requiring local collective bargaining for teacher contracts and compensation. In doing so, the state neatly side-stepped the pay-for-performance discussion to such an extent that nearly all of the respondents noted that the state “has no pay-for-performance policy.”

Therefore, the question of whether a pay-for-performance policy will work has been effectively answered by the state's decision not to have a pay-for-performance policy for principals at all.

If such a policy is to be implemented, it will depend on local initiative with no top-down encouragement except in those few cases of the lowest performing schools where federal interventions force the change on turnaround schools. These are perceived to be isolated cases where pay incentives are one of many reforms operating simultaneously so do not stand out. This is consistent with the Massachusetts political culture of strong local control. In considering the possibility of a state pay-for-performance strategy, one superintendent reflected, "I can't imagine that you could work with groups of teachers across several districts and have the specifics be identical" (M. Masterson, personal communication, 12/21/10). The work to develop any kind of pay-for-performance implementation strategy, for teachers or for principals, rests squarely with the local district and is expected to vary from district to district.

There is broad understanding that principal contracts are truly the domain of individual districts and not of critical concern to the state strategy. As a member of Governor Patrick's transition team noted, "You've got enough political capital to do a few things, and so you have to make choices about what you get done" (W. Guenther, personal communication, 4/5/11). Given the challenge ahead to include student achievement data in teacher evaluations, statewide and local strategies regarding pay-for-performance may not be politically possible or desirable.

Alignment with the federal agenda

The Massachusetts strategy on pay-for-performance is partially consistent with the federal guidelines that consider such policies within the larger set of educator quality issues, including recruitment, training, and retention. By redesigning the state evaluation system to

include student achievement data, the state effectively meets the RTTT assurance to use value-added data for human capital decisions as required under the RTTT guidelines. While Massachusetts did take legislative and State Board action to address this point and does allow districts to undertake compensation reform, there is no priority given to this element of the larger educator quality strategy. The state did not hide its intention to not to implement compensation reform, stating clearly in the application that such decisions were subject to collective bargaining and therefore the state would not commit to implementation targets for this RTTT element.

However, because the state's application robustly addressed other elements of the Great Teachers and Leaders section and because the planned redesign of educator evaluations did meet the original federal intent of this RTTT element, Massachusetts received an average score on this section of its proposal from grant reviewers. Specifically, reviewers pointed out that the state "does not directly tie student achievement to compensation" (USDOE, 2010c, p. 5). Additionally, reviewers noted that "this does not meet RTTT requirements specified in the notice," and as a result, "points were withheld." However, the state was praised for its comprehensive approach that valued local implementation strategies, attended to local conditions while retaining a state strategy, and supported innovation (p. 11).

The local context that drives this policy decision as it relates to principals is the overwhelming agreement from respondents that principals already have a type of pay-for-performance and so this element does not need to be addressed to meet RTTT requirements. The issue never rose to a level of serious consideration in the formation of the state's RTTT strategy. Because of the structural limitations of the collective bargaining requirements for teachers, the larger issue of pay-for-performance was effectively a "non-issue."

Consensus of the state coalition

The policy actors in Massachusetts shared a commitment to developing a statewide evaluation system for leaders that both reflected the new educational leadership standards and tackled the critical issue of the use of student performance data. Some members of the evaluation task force did not feel that the state went far enough to include value-added student achievement data (Noonan & Fortmann, 2011; Vaznis, 2011b), while others were frustrated with the final recommendation and the rapid implementation (L. Hayes, personal communication 3/30/11; N. Higgins, personal communication, 3/29/11). Taking the evaluation as the primary policy objective, the state coalition is in agreement that these new policies – for both teachers and leaders – are important next steps in the state strategy. However, there is also consensus that the state does not have a pay-for-performance strategy, and that the educator evaluation instrument is not intended for that purpose.

There is also a tenuous consensus that the use of student achievement data in educator evaluations, one of the requirements under RTTT, is appropriately handled in the proposed evaluation model. The Massachusetts Business Alliance for Education, one of the members of the task force, issued a public statement citing the “low standard” of accountability for student achievement results and called for the Board to increase the weight of student achievement to 50 % of the total evaluation for both teachers and leaders (Massachusetts Business Alliance for Education, 2011; Vaznis, 2011b). Other members of the business community also praised the proposed evaluation as a “first step” leading to the use of evaluation in decision-making, including “individual compensation decisions based on performance” (Gilmore, 2011). But the leading business advocates steer clear of language that directly links the evaluation to

performance pay, focusing instead on the importance of using evaluation data for “personnel decisions, such as hiring, promotion, and dismissal” (Noonan & Fortmann, 2011).

That position contrasts with that of the associations, including the principal associations.

As noted by the Director of the Elementary Principals Association:

They [the business community representatives] have been arguing that test scores should be 50% of a person’s evaluation. Everyone else – especially those who know how schools run and how difficult it is to compare schools based on student achievement results alone – didn’t understand how you can put 50% down. Our understanding was that in other RTTT states where states were putting percentages are having a very difficult time figuring this out. . . . We felt that at least that you would give some respect to local situations both in terms of student population and how the schools were operating, and giving weight to local judgment based on what you are dealing with. We felt pretty good that that was the way it ended, but now there is a political campaign going on. (N. Higgins, personal communication, 3/29/11)

As Massachusetts moves to approve the regulations for the new evaluation systems and begins to design the evaluation instruments, the original partners on the evaluation task force find themselves in open disagreement. While this difference does not specifically relate to performance pay, it portends future differences between stakeholders that will require attention..

While educator incentives do exist within the state’s RTTT strategies, such as in the targeted turnaround schools and in the technical assistance for districts regarding human resource practices, there is a shared understanding that the incentives are not the driving elements of the state’s strategy. A larger focus on human resources is the greater concern with regard to the identification and recruitment of high-performing teachers, the development of career ladders leading to teacher leadership positions, and the support of new training programs for both teachers and leaders. The state strategy aims to build district capacity around this comprehensive set of activities, and while compensation reform may be included, it is rarely mentioned by either state or district leaders.

On the other hand, the state coalition does have consensus on the *repercussions* of introducing pay-for-performance as a priority statewide strategy. Respondents noted that not only was the conversation a “nonstarter,” but that it was “potentially toxic” and “politically divisive.” The director of an education nonprofit put it this way (W. Guenther, personal communication, 4/5/11): “New teacher evaluation systems are sucking all the oxygen out of the room. Despite nice public statements, the unions are going to fight rear guard actions at the local and state level for the next ten years and it’s just going to chew up everybody’s time.” The state chose to maintain the consensus of the coalition and rarely raised the issue of compensation reform for either principals or teachers.

The issue of principal pay-for-performance cannot be cleanly separated from the conversation about teacher pay-for-performance and therefore was never discussed once the state strategy was in place. Given the current barriers to statewide contracts in statute, the state is constrained by what it can do directly to promote broader compensation reform. However, it is interested in encouraging districts that choose to explore doing so, within a broader framework of improved human capital strategies. According to the Associate Commissioner “we are interested in exploring the role of a variety of incentives – both monetary and non-monetary – to help strengthen educator capacity, staffing, retention, and the professional status of teachers and leaders (D. Haselkorn, personal communication, 3/29/11). However, even with the elements in place to support a pay-for-performance contract for principals, including a new state evaluation instrument and student achievement data, this is not a conversation that policymakers and districts are interested in having at the state level.

Effect of external influences

Pay-for-performance was not a significant policy discussion in the state's RTTT conversations, design or implementation strategies. There was not public call for incentives, no legislative action to create incentive programs, and no difficult negotiations with professional associations or unions on the subject. Because teachers' contracts are negotiated at the district level and because principals are not included in those collective bargaining agreements, the issue is not currently being considered by state policymakers. "Principals are already in essence independent negotiators" (W. Guenther, personal communication, 4/5/11).

Massachusetts is participating, with its largest districts Boston and Springfield, in a federally funded Teacher Incentive Grant, designed to pilot improved performance-based approaches to compensation, incentives, and rewards. However, increased pay in these pilots will be linked to new roles and responsibilities for educators. As the state's Associate Commissioner for Educator Effectiveness with the Department of Education noted:

Massachusetts does not have a statewide salary schedule, and its strong traditions of local control and collective bargaining make it unlikely that one will be adopted in the foreseeable future. These contextual factors, along with current statute, set the parameters for what's being looked at by the state, along with the clear indication from research that monetary incentives need to be linked to other reforms and systemic changes if they hope to be a lever for improvement (D. Haselkorn, personal communication, 3/29/11).

Furthermore, with principals negotiating their own contracts that may or may not have performance incentives, there is no perceived need for any state role either in support of or in opposition to new policy action regarding principal performance contracts. Consequently, it is the existing policy environment that had the greatest effect on the policy deliberations, or lack thereof, regarding pay-for-performance for principals.

Conclusion

The policy was a minor conversation in the design of the RTTT proposal and was quickly dismissed as a priority for the state. There is strong consensus among policy makers and district leaders that pay-for-performance policy is a “non-starter.” The state’s plan to build a solid infrastructure of performance assessment and district capacity allows districts to pursue their own strategies if they choose. This focus on district initiative is consistent with current practice, which encourages a focus on performance and allows districts to negotiate pay-for-performance contracts with principals, who are not subject to collective bargaining agreements.

CHAPTER 6

TENNESSEE'S RACE TO THE TOP

Introduction

Governor Bredesen led a statewide campaign to ensure that Tennessee was well positioned to win Race to the Top (RTTT) in the first round of competition. The state had a broad coalition of politicians, policy-makers, and community leaders standing together in support of Tennessee's application, and many of the state's existing education policies, including one of the few value-added student data systems, served as valuable stepping stones for new policy requirements. Like other states, Tennessee called a special legislative session in January 2010 to ensure that Tennessee was in full compliance with the RTTT assurances, requiring a new statewide evaluation system for both teachers and leaders. In the original RTTT proposal, Tennessee planned to address compensation reform in three ways: 1) designing a new statewide evaluation system that included value-added student achievement measures, which could then be used in compensation decisions; 2) creating a competitive grant program to support a few districts to design local pay-for-performance systems; and 3) allowing districts to separate from the state salary schedule and design local compensation strategies. In the first year of implementation, the Tennessee case of principal pay-for-performance reflects the state's experience with previous pay-for-performance activities, the state's overall strategy regarding compensation reform and the relative importance of school leadership in the larger context of RTTT.

This chapter includes three sections. The first section outlines the Tennessee RTTT proposal, with particular attention paid to activities related to principal pay-for-performance. The second section provides some context around state activities relative to educational leadership and pay-for-performance. Both of these sections rely heavily on interview data, presented as much as possible in the original voices of key informants, and supplemented with archival documents. The third section presents a case analysis, utilizing the five dimensions of the analytic framework (Appendix C), and presents broad case themes.

Overview of Tennessee’s “First to the Top”

On March 29, 2010, the U.S. Department of Education (USDOE) announced Tennessee was one of two states to win an RTTT grant, bringing an expected \$501.8 million to the state over a four-year period. Half of the RTTT funds are to be distributed directly to local school districts under the existing Title I formula to support school improvement work in the four assurance areas. The other half are to be used by the state to support a series of new investments to improve student outcomes.

All 136 of Tennessee’s school districts committed to participating in the state’s RTTT plan. The districts could either participate fully in the reform activities detailed in the original proposal or they could decline to participate. As described in the proposal, there was no middle ground of “involved” status for participating Tennessee districts (p. 17; Appendix A-1-2.). Tennessee branded all of the RTTT activities under the moniker, “First to the Top.” To oversee the state’s activities, Tennessee assembled a First to the Top Oversight Team. This team reports directly to the Governor’s Office of State Planning and Policy and is responsible for coordinating reform work and serving as a liaison between the state agencies, regional partners, and others

who provide implementation support to districts. Members of the First to the Top Oversight Team include staff from the Tennessee Department of Education (TDOE), the Tennessee Higher Education Commission (THEC), and the Tennessee Department of Finance and Administration. In addition, the philanthropic, business, and education stakeholders who served on the advisory committee that coordinated Tennessee’s application were invited to join the Oversight Team (p. 37; Appendix A-2-1.)

In addition to a new oversight committee, the Commissioner of Education proposed a reorganization of the TDOE to increase effective management and alignment of the proposed work. Tennessee also has other state and federal programs that support RTTT goals, such as School Improvement Grants, State Longitudinal Systems, and both state and district Teacher Incentive Fund grants. These programs are to be included in any statewide coordination. The original state application noted the “intentional and significant overlap” in the teams working on these various initiatives as a way of assuring alignment and maximizing the leverage of these individual initiatives (p. 38).

Within the Great Teachers and Leaders section, Tennessee plans a variety of activities to increase both state and district capacity to improve the human capital pipeline, including recruitment, preparation, training, evaluation, and retention. At the state level, Tennessee plans to adopt new educator evaluations, expand its annual study of teacher supply and demand to include principals (p. 79), and explore alternative routes for both teachers, through Teach Tennessee, and principals, through the creation of a Leadership Action Tank (p. 80). The state plans to improve use of student achievement data as a “major factor in teacher and principal personnel decisions” by ensuring that all teachers have access to their own value-added data, by

training all teachers and principals on the use of value-added data, and by training school district officials in the use of value-added data for evaluation and compensation decisions (p. 82).

Tennessee plans to address compensation reform in three ways: by implementing a new evaluation system, by supporting locally designed differentiated career paths, and by funding local innovations in alternative compensation through competitive grants.

A new evaluation system. The First to the Top Act of 2010, passed in January 2010 as part of the state's campaign to secure the RTTT grant, requires the development and use of an annual multiple-measure evaluation of teachers and principals. The Act mandates that 50 % of a teacher's or principal's evaluation be based on student achievement data. These new evaluations are meant to inform human capital decision-making, including, but not limited to, tenure, professional development, retention, and dismissal (p. 71.) The First to the Top Act required the creation of a Teacher Evaluation Advisory Committee, which was charged with designing "guidelines and criteria for a multiple-measures teacher and principal effectiveness evaluation system, which will be administered annually to all teachers and principals in the state" (p. 84). The Committee had to complete its work by June 2011 and the new system is to be ready for statewide implementation in September.

All Local Education Agencies (LEAs) are required by the First to the Top Act to use the new evaluation system and may use the system to publicly report data such as the differentiation of and principal performance, the percentage of effective teachers and principals, or the percentage of compensation based on instructional effectiveness. This provision of the law ensures that the evaluation data remains public, a key component of the federal RTTT provisions. Furthermore, the state encourages LEAs to set annual improvement goals, suggesting "a minimum of 15 % improvement in terms of the number of educators moving up in each rating

category” (p. 86). Using this data, the state plans “to develop reporting mechanisms to disseminate data on performance of LEAs and schools in developing more effective teachers and principals” (p. 86).

Support for LEAs. Leveraging the new evaluation system, Tennessee plans to work with and provide support for LEAs to create “clear, differentiated career paths for teachers and principals, based on their performance levels.” New professional categories, such as Beginning, Intermediate, Professional, and Master, would allow for expanded roles and higher compensation (p. 89).

Competitive grant funds. To support local innovation and seed the adoption of alternative compensation systems, Tennessee created the Innovation Acceleration Fund (IAF). The 2010 First to the Top Act allows LEAs the flexibility to adopt alternative salary schedules in lieu of the statewide salary schedule, which is based on credits and experience. These new compensation systems must be aligned with the new state career paths and include both base salaries and performance bonuses. Participating LEAs must provide matching funds to support the implementation of an alternative compensation system, and they must have the agreement of the local teachers’ unions (p. 90).

The work on compensation reform is seen by state policymakers as a critical element to the overall state strategy. The Deputy Director of Tennessee’s First to the Top highlights the role of these reforms:

Part of the policy change with the First to the Top legislation was to put in place the ability for districts to move off of a traditional salary schedule that rewarded merely years of experience and educational degree of attainment, to ones that provide entirely alternative structures for how you would compensate, from group based to individual based individual teacher. We’ll be working a lot with implementation to put those kind of systems in place. (R. Woods, personal communication, 3/29/11)

The work during the first year of the grant is to answer these design questions and plan for implementation at both the district and state levels that can inform future policymaking and replication (p. 89).

On the first anniversary of Tennessee's RTTT win, the new Governor, Bill Haslam, assessed the state's progress, noting that "after a year we are in a position to bring real reform to our schools" (A. Anderson, 2011). Recognizing that the first year is a combination of planning and implementation, the Governor specifically highlighted five initiatives, including the design of the new teacher and leader evaluation system as well as increased professional development for educators. Compensation reform was not referenced in the official press releasing marking the anniversary. However, the homepage of First to the Top commemorates the anniversary by specifically citing the progress made in compensation reform, noting that "these funding opportunities commit education reform to district level changes in compensation structures" (TDOE, 2011).

State Context

Tennessee's strategy to improve the quality of school leaders "started a long time before RTTT was ever conceived," according to the Executive Director of the State Board of Education (G. Nixon, personal communication, 3/1/11). Over the last few decades, Tennessee has engaged in a variety of reform strategies designed to improve educator quality and related to the issues of school leadership and pay-for-performance. In the last five years, Tennessee has participated in a reform initiative to develop instructional leaders and build school leadership capacity throughout the state. The state also initiated both performance contracts for principals and, over a decade ago, the state established a nationally recognized career ladder, including salary incentives, for

teachers. In response to the USDOE grant opportunities, the state applied for, and later received, a Teacher Incentive Fund grant to support compensation reform in targeted districts. And, like other states preparing for the RTTT competition, the state legislature met in special session to consider enabling legislation.

In 2005, the Southern Regional Education Board (SREB) received a grant from the USDOE to redesign Tennessee's principal preparation process. As part of that reform initiative, the State Board of Education and the THEC established the Tennessee Instructional Leadership Redesign Commission "to build capacity at the state level, in partnership with local agencies and universities, to prepare effective school leaders" (Tennessee State Board of Education, n.d.).

In December 2008, the Tennessee State Board of Education adopted the "Tennessee Learning Centered Leadership Policy," which aligned principal preparation, licensure, professional development, and evaluation with new school leadership standards. These standards reflected a shift in emphasis away from management to instruction. Gary Nixon, the Executive Director of the State Board of Education said, "the greatest priority in leader quality is to put more emphasis on student instruction and achievement rather than building management" (G. Nixon, personal communication, 3/1/11). Another respondent, the Director of Statewide Outreach for SCORE, a non-profit advocacy organization, described this process as "important groundwork to changing administrative licensing process and standards" (A. Arnold, personal communication, 3/30/11). That same emphasis is reflected in the RTTT proposal, which consistently refers to "effective principals," defined as those principals who can increase student achievement and close achievement gaps (p. 83). While the specific use of value-added data is not referenced in the Tennessee standards themselves, the use of data to establish benchmarks,

identify areas of improvement, and measure school progress is an integral leadership function in the new standards.

This policy served as the foundation of a comprehensive leadership redesign initiative, which set out to improve the quality of Tennessee's school leaders by "reforming each stage of a principal's career" (Tennessee State Board of Education, 2008). The redesign policy included five areas of focus: 1) standards, 2) selection and preparation process, 3) licensure, 4) professional development, and 5) evaluation. By September 1, 2011, all leadership candidates completing preparation programs will meet the new standards defined by the Learning Centered Leadership Policy, signaling the deadline for the redesign of state-approved preparation programs. Compensation reform was not one of the recommendations and respondents did not recall it ever being raised during the work of the commission.

In September 2009, Tennessee adopted a four-tiered licensure system for school leaders, creating a competency-based career ladder. This new system is designed to better recognize varying performance levels of leadership expertise, including aspiring, beginning, professional, and exemplary. The transition from the old licensure system to the new licensure system began immediately. These licensure levels require refinements to the evaluation process of principals. In order to recommend principals for licensure renewal or exemplary status, superintendents developed performance contracts for each principal, an evaluation tool in use since 1997. These contracts are to include school performance benchmarks on standardized tests or other student achievement indicators and are to be reviewed annually. The district then makes a recommendation to the state for the principal to earn either professional status, which is a standard five-year renewal license, or exemplary status, which would reflect high levels of

performance. This licensure system does not carry monetary incentives for higher performance but is designed to recognize high achievement through the exemplary license.

Even with the additional reform strategies of RTTT, the work of the Commission, particularly regarding the redesign of university preparation programs continues. A number of other respondents highlighted the work of the Commission, noting that it was both “timely” and “systematic.” This work was referenced in the RTTT application as part of the significant progress the state had already made in implementing the “new standards that drive preparation programs and state-approved professional development” (p. 42). This work is not a funded priority of RTTT, but, as noted by the Director of the State Board of Education, “We are almost to the point of doing the on-site visits [to the universities], with no money to do it; but we are going to do it” (G. Nixon, personal communication, 3/1/11).

This work on school leadership had the groundwork and buy-in from the field to keep moving forward regardless of the RTTT plan. The years of study, policy change, and continued involvement of the field gave many respondents the sense that improvements in school leadership were already on the right track and were not a significant priority in the RTTT negotiations. RTTT did add some new dimensions to the work, but they were extensions of previous efforts and did not derail the existing reform strategy. The Director of the State Board of Education noted that “as a result of RTTT, the thing we had to do was to go back then and add to that policy and streamline the policy a little bit to cover principal evaluation” (G. Nixon, personal communication, 3/1/11). Principal evaluation had been part of the Tennessee Instructional Leadership Redesign Commission’s earlier recommendations, but now the First to the Top Act mandated that evaluation for all principals and accelerated the timeline for implementation. This change in emphasis was significant for districts, because even though the

new standards had been revised and approved by the State Board of Education, “not all districts were using them for evaluation,” according to the outreach coordinator at the State Collaborative on Reforming Education (SCORE) (A. Arnold, personal communication, 3/30/11). However, while evaluation was perceived to be a logical addition to the current strategy, compensation reform for principals was not considered to be a natural extension of this work.

Even though the education leadership evaluation policy is able to build on the earlier work of the Learning Centered Leadership Policy, the First to the Top implementation will be “major transition” and “a big shift” for principals in the field (G. Nixon, personal communication, 3/1/11). The previous evaluation systems required all teachers and leaders to meet the professional standards, the annual reviews were minor, and larger evaluations occurred only every five years for veteran educators. This new process, as defined by the First to the Top Act, requires every licensed educator to be formally evaluated every year and that every evaluation include a significant percentage of value-added student achievement data.

The work on teacher and principal evaluation, the centerpiece of Tennessee’s Great Teachers and Leaders strategy, was coordinated by a Teacher Evaluation Advisory Council. The council was established by the First to the Top Act and began meeting immediately to make recommendations to the Board of Education to implement a new performance-based evaluation model that included the student achievement measures required by the law. The new design is to be ready for statewide district implementation by July 2011 and to be used as the new evaluation system for educators starting with the 2011-2012 school year. According to the Chair of the First to the Top Advisory Council, which oversees the RTTT funding and guides the Teacher Evaluation Advisory Committee, the committee aims to “shatter the current system.” He noted that the old system was “not a meaningful exercise between school leaders and teachers on what

a teacher might need it was a sort of once every few years sort of thing, hit or miss, check a few boxes and you get through the process” (Keuper, 2010).

The evaluation system is foundational to the larger state strategy and is not explicitly designed simply to support pay-for-performance. All human capital decisions are to be based, in part, on the results of evaluations that rely, in part, on value-added student achievement data. Tennessee’s RTTT application makes clear that the evaluation system is a critical tool for supporting local action, noting “district and building leadership should be able to rely on the teacher and principal evaluation system to serve them and their students by supporting effective work as well as by easing pathways to dismissal if that becomes necessary” (p. 93). Merit pay is one element of this process, but not the most critical element.

Those evaluations have to be both valid and reliable in order to support that local decision-making process. The work to utilize value-added student achievement measures in educator evaluations has not been easy and is fraught with both political and technical challenges, not the least of which is that, “at least 35% of the evaluation must be based on student achievement and 65% of teachers don’t have data,” as noted by the outreach coordinator of SCORE (A. Arnold, personal communication, 3/30/11). A senior advisor to the Governor put it this way:

There has been a lot of work on evaluation through the Teacher Evaluation Advisory Committee...that work is really tough work and it has not been sunshine every day as a result. They have done a lot of very good work, but the elephant in the room in the implementation discussion has to do with the availability of value-added or student growth data – or lack of data – for a large percentage of teachers. ... Our test TCAP – is administered for students in grades 3-8, but only in some subjects. That means subjects like music, physical education aren’t assessed. Students under grade 3 and high school students aren’t assessed. So the TVASS [Tennessee Value-Added Assessment System] is populated with test scores from only a subset of students. ... The big question is, “What do you do with non-TVASS teachers?” That still is a Big Kauna question and it’s not an easy one. (W. Pinkston, personal communication, 4/5/11)

But those technical details that affect the majority of teachers are less problematic for principals, who can be evaluated using aggregate school-wide student performance data in tested subjects. At the high-school level, where no TVASS scores are available, other data points, such as college placements tests, Advanced Placement scores, and college-going rates can potentially meet the requirements for including student achievement data in principal evaluations. The First to the Top Director suggested that it is much easier to focus on teachers in the evaluation discussion because “they are much more complex; principals are relatively easy.”

The Governor tapped Gary Nixon, Director of the State Board of Education, to serve as the “point person for developing the principal evaluation model” (G. Nixon, personal communication, 3/1/11). Mr. Nixon had been an active participant in the earlier leadership reform work and noted that this new evaluation model was an extension of that earlier work. As he describes the process, “The decision was made to build off of existing policy that we are just now implementing, so we don’t have two to three different things going on and so that we have one coherent policy and plan that all works together and fits together.” With a strong commitment to alignment, the Council had to work quickly in the fall of 2010 to be able to meet procedural deadlines, including a field test in November 2010. Mr. Nixon noted that the State Board, which must vote on the final evaluation system, “will make tweaks on the policy based on what we learn from the field test.” The final approval for the new performance-based principal evaluation is scheduled for mid-April 2011, in time to meet the First to the Top deadline of July 1, 2011 for full implementation.

Tennessee is moving quickly to meet its rapid implementation timeline for the evaluation system, which it considers to be “the essential underpinning of the First to the Top Great Teachers and Leaders work” (Conaty, 2011). With the complexity and scope of the

implementation challenges, the state has reallocated First to the Top funds in the first year of implementation to increase funds for statewide training, emphasizing the importance of this element to the success of the overall strategy.

Performance contracts

While this work was underway on the new Learning Centered Leadership Policy, the use of performance contracts for principals was clarified by the legislature. Principals are part of the professional employees' organization in Tennessee and, as such, are subject to existing collective bargaining negotiations.⁴ However, Tenn. Code Ann. § 49-2-303 allows for principals to be hired under performance contracts that include “bonuses beyond base salary if performance standards are met or exceeded.” In a 2008 opinion by the Tennessee Attorney General’s office (Opinion No. 08-116), those bonuses are not subject to the negotiation process between the board of education and the teachers’ association because they are not “salaries or wages” or “fringe benefits.” The opinion notes that “in 2007, the Tennessee Legislature placed the provision regarding principal bonuses in Tenn. Code Ann. §49-2-303(a)(1) instead of making it a mandatorily negotiated item within Tenn. Code Ann. § 49-5-611, evidencing its intention that any potential bonus be negotiated between a principal and a director of schools (and the board of education) as part of a principal’s performance contract.”

This law reflects the broader state strategy of allowing local districts to make their own decisions on pay-for-performance. The State Director of First to the Top stated that “I do have a sense that principals are paid differently already” (E. O’Hara, personal communication, 12/7/10), suggesting that compensation reform for principals is not a urgent concern and that current

⁴ Current legislation being considered by the Tennessee legislature will uncouple principals from the collective bargaining unit.

practice may sufficiently meet a district's desire to implement principal pay-for-performance policies. Gary Nixon with the State Board of Education notes that "pay-for-performance is "not something that will be a statewide uniform decision" (G. Nixon, personal communication, 3/1/11). However, he goes on to note that while "the opportunity is there" for any district that chooses to create a performance contract with principals, very few have chosen to do so that he was aware of. One superintendent reflected on his eagerness to take advantage of this opportunity to fully negotiate contracts with his principals. First to the Top and the new proposed legislation gave him the opportunity to move forward with this, something he felt unable to do under early policies. As he describes it:

"You negotiate with the teachers union. Principals are under the teacher part of the negotiations. I can't pay the principals – they don't negotiate with me. They negotiate in with the teachers. So the teachers are negotiating for the principals. ... They gotta know which side of the fence they are on. They need to know who butters their bread. Let's say you are working with teachers. If you are trying to lead the teachers, but the teachers are the ones negotiating your contract, when push comes to shove which way do you lean?" (C. Satterfield, personal communication, 3/23/2011)

With the proposed legislation uncoupling the principals from the teacher's collective bargaining unit, this superintendent had talked with his principals and found that they welcomed the change. "When I told them what happened in the legislature," he said, "they said that is the way it should have been for a long time."

An external consultant to the state's RTTT process echoed that sentiment, stating that "few districts were implementing pay-for-performance models (for teachers or principals) prior to RTTT, unless funded through TIF [USDOE's Teacher Incentive Fund grant]" (K. Cour, personal communication, 4/12/2011). While the legislature made principal salary bonuses possible through the use of performance contracts, the broad perception is that this option is largely unused and unknown by local districts.

Teacher Incentive Fund

In addition to RTTT, three grantees in Tennessee received three different awards under the USDOE's Teacher Incentive Fund (TIF) competition in September 2010. As a consultant to Tennessee's original RTTT proposal noted, these grants and RTTT were "closely considered and informed each other" during the original design period. The TIF grants are awarded for the purpose of "developing new, comprehensive plans for rewarding highly effective teachers and principals." At this point in the planning process, it is unclear the degree to which these initiatives address the compensation of both teachers and principals. Two of the grants in Tennessee appear to focus exclusively on teachers – a \$26.5 million grant to Knox County Schools to expand the Teacher Advancement Program to 14 schools and a \$36 million grant to the TDOE to support 100 schools in 14 districts across the state develop teacher compensation plans. The Memphis City Schools, which all receive significant funding from the Gates Foundation for this work, received a \$9.5 million grant to reward high-performing teachers and principals in the district's lowest performing schools (State Collaborative on Reforming Education, 2011a). However other reports suggest that the Tennessee grant encourages compensation reform for both teachers and principals, so whether principals will be included in the compensation reform will be left up to the individual districts.

History of Tennessee's Career Ladder

Three respondents referenced Tennessee's earlier attempts at teacher pay-for-performance as a possible reason for the state's overall lack of enthusiasm for a new statewide program. That program, called the Career Ladder Evaluation System, was one of the most visible elements of then-Governor Lamar Alexander's broad education reform package of 1984,

which simultaneously increased teacher salaries statewide by 10%. Tennessee's Career Ladder Evaluation System was more than simply a merit-pay program, it emphasized teacher professionalism and offered incentives. This early career ladder used many of the same systematic human capital strategies embedded in Tennessee's RTTT strategies, including multi-dimensional evaluations, professional recognition, leadership opportunities for teachers, and increased attention to recruitment of new teachers, especially into hard-to-staff subjects and regions (French, 1984). This program had a well-recognized approach to teacher evaluation and was well funded to support lifetime incentives for participating teachers. As described by Brandt (1995), Tennessee had "perhaps the country's most comprehensive experiment in summative [teacher] evaluation."

The career ladder included five distinct stages, including first-year "probation," a three-year "apprentice" and a five-year "professional" status that included a \$1000 salary supplement from the state. Teachers could earn additional supplements of up to \$7000 annually for "superior performance," creating a very attractive potential salary boost to participating teachers. The plan was voluntary for veteran teachers but required for new teachers. Evaluations conducted by both district supervisors and state-sponsored external evaluators assessed teachers on multiple domains, using several data sources (Furtwengler, 1985). However, value-added student achievement data was not available during this time and was not a component of teachers' final evaluations. Student work and classroom observations by external evaluators served to measure teacher impact on student learning.

While the career ladder was sophisticated, it did have its critics, including those who claimed the system negatively impacted morale (May, 1990), and that the process was overly burdensome, stressing "cunning and endurance ... rather than merit" (Marquand, 1985). The

results of that program suggest that that Tennessee’s career ladder had mixed success in actually rewarding teachers who increased student achievement. As calculated by Dee and Keys (2004), students assigned to career-ladder teachers increased their mathematics scores by roughly three percentile points but they did not increase their reading scores in a way that was statistically significant. The statewide program ended in 1997, a result of budget considerations.

As described by Brad Smith, one of the participants in the early RTTT negotiations as the Executive Director of Tennessee SCORE,

In the 1980s, Governor Alexander passed a big career ladder program that was meant to be a pay-for-performance program, all based on measuring teachers who were effective and rewarding them. [It was] really well intentioned. But a couple of things came out of that: 1) a lot of teachers did qualify for the career ladder money; and 2) people didn’t really feel like qualifying for the money was highly correlated with quality teaching, including teachers themselves. Background of what happened then really set stage for today’s [RTTT] discussions. As a result of that, the state has really taken the approach – in part a conservative philosophical bent of the state – wondering if a one-size fits all pay-for-performance at the state level is really the right thing. (B. Smith, personal communication, 4/1/11)

Many respondents from the state referred back to the career ladder program, reflecting the state’s long attempts to support career ladders for educators and tie performance to some kind of bonus. That experience helped shape the state’s performance compensation strategy in First to the Top, pushing innovation to the district level.

First to the Top Act

To strengthen Tennessee’s RTTT application, Governor Bredesen and legislative leaders called a special session of the 106th General Assembly to make changes in state law. In his opening remarks to the legislature, Bredesen said, “Sometimes the planets just line up and there is an opportunity that you didn’t expect. These are the times to seize the moment.” (Gov. Phil

Bredesen, 2010). One of the most significant and controversial statutory changes proposed was the use of student growth data to be used, for the first time, as a factor in teacher and principal evaluations.

Tennessee has one of the nation's oldest and most robust databases for tracking student growth TVAAS. TVAAS was established in 1992 and provides statistical analysis of student test results in the Tennessee Comprehensive Assessment Program (TCAP), a test given to all Tennessee public school students in select grades. Historically, state law prohibited the use of this data in educator evaluations. The legislative proposal reversed that earlier law and required that 50 % of evaluations be based on student achievement measures, including 35 % using TVAAS where possible.

The special session began on January 12, 2010, and passed a series of changes to state law that would become known as the First to the Top Act. Facing the RTTT application deadline, the House and Senate passed the First to the Top Act in days and the Governor signed the bill into law on January 16, just three days before the grant deadline. In addition to lifting the prohibition on using TVAAS data in teacher and principal evaluations and setting a standard percentage for the use of student achievement measures in those evaluations, the First to the Top Act also required the annual evaluation of teachers and principals, allowed the use of TVAAS data in making tenure decisions, created the Teacher Evaluation Advisory Committee to recommend guidelines and criteria for the new evaluation system required of all teachers and principals, and allowed local districts to leave the state salary schedule for teachers and principals. These changes are all reflected in the final RTTT application and serve as a platform for the implementation of many RTTT activities regarding educator quality.

Case Analysis

Within the context of the state's RTTT initiative and accompanying strategies, this section analyses the Tennessee case against the five dimensions of the analytical framework. (See Appendix C for a summary chart of the framework.) The design of the state's RTTT activities regarding pay-for-performance for school leaders was consistent with the intent of the federal program. However, the policy is not a high priority in the first year of implementation, and there is a lack of consensus about its priority over the long term.

Clarity of policy objectives

Tennessee's objective in its pay-for-performance policy in First to the Top is to build local capacity to reward high-performing educators. This policy is one of set of complementary policies designed to improve human capital decision-making at the district level and to elevate the overall quality of teachers and leaders across the state. The Director of First to the Top noted that the state is "working on a number of different things at once" to improve school leadership. Tennessee's pay-for-performance strategy for principals is "less about compensation and more about doing good evaluation work." She went on to say:

We've seen that isolated pay is not going to improve student achievement. It's the end of a larger strategy of retention, differentiation and recruitment. ... The purpose is to motivate and to do that, evaluation is the key. The first places you look are performance pay systems, which ensure that evaluations are based on student achievement. People don't talk about it as much, but that is the benefit. It's about compensation, but the reward is really better evaluation, not pay. (E. O'Hara, personal communication, 12/7/10)

Pay-for-performance functions as a policy lever that projects the state's overall philosophy about the use of value-added performance data in human capital decisions. Within this framework, districts rely on strong state evaluation tools and training, whether or not they choose to include pay-for-performance in their local human capital strategies. The development

of a valid and reliable statewide evaluation instrument has become the most urgent state priority, leaving the implementation of pay-for-performance to a handful of districts that chose to be early adopters and design local performance-pay solutions. One of the state's RTTT partners noted this difference between the role of the state and the role of the districts in the implementation of pay-for-performance. "The state strategy is that it's a local strategy. Districts, who want to do it, can. There is a little bit of money to help if they want, but the state strategy is really to get a good evaluation system in place." (S. Flowers, personal communication, 3/30/11)

While there are districts experimenting with pay-for-performance policies within the First to the Top work and there are general proponents of pay-for-performance in the legislature and business communities, there is no staunch advocate of pay-for-performance policies in the state. And, while pay-for-performance was a component of the RTTT application, it was not a significant element of the early negotiations around the state strategy for Great Teachers and Leaders.

This strategy was a calculated decision grounded in both philosophical and political considerations. The particular issue of how student data are used is a foundational element of pay-for-performance and of the redesigned evaluation system. While the other mechanisms to support compensation reform, such as planning grants for districts and local flexibility, were designed and included without much fanfare, the evaluation system targeted this critical sticking point. As recounted by the Governor's Policy Advisor:

We created a path where by districts could decouple from the state teacher pay scheme and do differentiated compensation models. That in and of itself wasn't problematic for TEA [the Tennessee Education Association]. Where it got extremely complicated and very heated and sometimes emotional is the conversation over creating a new evaluation that would inform not just compensation decisions, but tenure and everything else. In particular the issue there was the use of value-added data, student growth data. (W. Pinkston, personal communication 4/5/11)

The grant served as a lever to move some of these more difficult human capital issues onto the table. While the Governor may have been advocating for more effective use of the value-added data in educator evaluations prior to the grant, RTTT was a true catalyst for bringing this issue to the table. The Governor's former policy advisor noted, "They were saying we don't want it [student achievement data] set at a high percentage [in the evaluation]. Meanwhile, the state people were saying it had to be at high level. We want to be competitive in this thing. ... We went back and forth for the better part of three weeks, talking about several issues, but mostly talking about where that percentage should be set." (W. Pinkston, personal communication 4/5/11)

From the educator side, the Executive Director of the State Board of Education noted that "the problem is that there isn't any money. Everybody [districts] would like to do pay-for-performance if we could give them another \$15 million each" (G. Nixon, personal communication, 3/1/11). The First to the Top budget, while considerable, would not be large enough to fund a statewide pay-for-performance strategy and no one was advocating that the existing pay-for-performance funds be increased to expand beyond the pilot programs. A consultant to Tennessee's original RTTT grant noted that "there isn't a call for pay-for-performance from any sector" and that it was only a "small part" of the initial discussions about the grant design (S. Bodary, personal communication, 3/15/11).

This lack of advocacy does not minimize the importance of pay-for-performance as part of a larger human capital strategy and education reform initiative. As described above, pay-for-performance is dependent on the use of value-added data in educator evaluations, and this was the critical policy targeted by the First to the Top designers. According to one RTTT consultant,

“the Governor wants to get this done” (S. Bodary, personal communication, 3/15/11). The Governor’s own policy advisor put it even more strongly:

And – oh, by the way – the governor doesn’t just mean talking about this as RTTT as the flavor of the day. He’s actually been talking for several years about using this value added data as a bigger weight in evaluations. We have the benefit in the facts of being about to say that we’ve been talking about it for a long time. And now this is the catalyst for it. (W. Pinkston, personal communication, 4/5/11)

While the Governor and other senior policy leaders make strong clear statements about the role of pay-for-performance in the First to the Top grant, the broader understanding is more mixed. As described above by a superintendent, the actual details of the design are much different than he expected. For one of the state partners, the lag in implementation highlights what is unknown about the intent of the pay-for-performance policy.

The initial legislation just says that ‘new evaluation will be a factor in human capital decisions.’ It’s very general language. Even this year’s legislative effort around tenure is still not specific around using it for alternative compensation. The next step is to use the evaluation to make tenure more meaningful, but there is not a lot of thought around using this as the basis for alternative compensation. (S. Flowers, personal communication, 3/30/11)

There is no question that there will be a pay-for-performance program of some kind, and that it will affect both teachers and principals. However, the details of its design and implementation are still to come, following the rollout of the new evaluation system and subject to local customization.

The evaluation program, with its standards and multiple measures, is a key driver of the state’s plan to improve educator quality. State resources, capacity, and political capital are aligned to support that critical piece of the Great Teachers and Leaders initiatives. Pay-for-performance serves as an important bookend, forecasting how the evaluation can and should be used in human capital systems. By discussing pay-for-performance and seeding its implementation in a handful of districts, Tennessee pushes the boundaries that frame the

traditional use of educator evaluations and raises the stakes for the design and implementation of the new evaluation system.

The intent of the policy

The pay-for-performance policy is designed to motivate leaders to higher levels of performance and reward high performers. The language of the state strategy is consistent with federal guidelines that seek to reward and retain educators, though retention is not emphasized in Tennessee's original RTTT application. However, the term "pay-for-performance" is too narrow to fully capture the level of change expected of districts utilizing it in their reform strategies. The districts receiving start-up funds through the IAF or TIF are receiving technical assistance from Battelle for Kids, a nonprofit organization, which has been contracted by First to the Top to train districts how to link value-added data to compensation and teachers' and principals' evaluations. Battelle for Kids uses the language of "strategic compensation" rather than "alternative compensation" to reflect the more strategic and integrated nature of this reform strategy (Battelle For Kids, 2010). As described by one district's First to the Top plan, strategic compensation is "the strategic alignment of desired organizational goals and compensation" that includes "incentives for inputs and outcomes that support student learning and academic growth" and an "an investment in developing our human capital" (Knox County Public Schools, 2011). This shift reflects a broad understanding of pay-for-performance as a piece of a larger reform strategy that that both motivates and rewards educator performance. It is not an isolated program.

It also suggests why it is naturally difficult for respondents in this study to separate principals and teachers from the discussion. While principals may be an afterthought because of political considerations or an add-on to the thornier issues of value-added student achievement

measures, the participating districts in Tennessee have embraced compensation reform as a whole district reform strategy. As such, it is not restricted to core teachers or hard-to-staff schools. Rather, Tennessee's strategy encourages districts to fully integrate multiple funding streams and to design a cohesive system that considers all district employees. Teachers are most commonly referred to when discussing these policies, but district plans, presentations, and language suggest that principals are not excluded from consideration.

In order for Tennessee to reach its RTTT goal of 30-50 % of districts using the evaluation to inform compensation systems, they have expanded their definition of alternative compensation. While the core work of significant compensation reform, or "strategic compensation," will be supported by the IAF, other types of compensation and incentive programs are allowable activities, such as teacher stipends for additional work and signing bonuses for hard-to-staff subject areas (TDOE, 2010a). All of these activities are considered to be part of the drive for compensation reform.

What alternative compensation actually means in Tennessee has evolved since the original RTTT application. In the original design, alternative compensation was part of an LEAs human capital system, a critical policy tool for districts to both differentiate pay and to reward performance. As implementation got underway, LEAs questioned the use of funds for various human capital activities and the TDOE provided guidance regarding scopes of work and action plans. A question included in the Department's *Frequently Asked Questions* in May 2010 (TDOE, 2010b, p. 4) asks "Is a stipend for a teacher considered to be different from alternative compensation?" The TDOE's answer is "no." This answer suggests that districts can narrowly interpret alternative compensation to be stipends for additional work or responsibilities without the more broad-based compensation reform required of the Innovation districts.

However, other guidance from the First to the Top team, including the technical assistance by the RTTT funded Battelle for Kids, suggests that districts are being encouraged to be much more aggressive and innovative in their designs. As recalled by one district superintendent, whose district is participating in the IAF grant:

This is something different and is huge. When they were first talking about an alternative compensation salary schedule, I didn't understand that. What we wrote in our plan was that the present state salary schedule based on years of experience and degrees would stay in place. Then we would take our local money and take it away from the teacher and then put it into a merit pay bonus system. But here's what the state department told us we can destroy the state step and ladder system for degrees and years experience. The only thing is that the teacher can't make less money than the year before, so that we are really going to get an alternative salary schedule. We are going to blow the old one up. (C. Satterfield, personal communication, 3/23/10)

This more systemic approach, which goes beyond small bonuses for subject-matter teachers and gets to whole-sale compensation reform, reflects the long-term strategy of the state's RTTT design for pay-for-performance policies. The state is providing districts with the tools they need, in the form of a value-added evaluation system and modest planning grants, allowing districts to design alternative compensation systems that are consistent with their local environments. For those districts that are ready to engage in significant redesign of compensation systems, funds and technical assistance are provided by First to the Top funds.

Those districts will then "model the way" for the state and provide best practices to other districts that may follow and perhaps guide the state into a more aggressive expansion of pay-for-performance policies in future years. As described by the Deputy Director of First to the Top:

Right now we are heavily involved in the planning and facilitation stage of providing best practice and resources to the districts. But we also envision a role as we implement the new evaluation system of actually being pretty prescriptive in giving information to districts about how the information can be used to drive the human capital decisions. So there will be a lot of that stuff that we develop in working with these independent districts

that we then provide to scale to all districts to would like to implement compensation reform in their districts. (R. Woods, personal communication, 3/29/11)

In the meantime, the RTTT plan allows for a more modest use of salary incentives, through bonuses and pay for additional responsibilities, which will move compensation reform into a greater percentage of the state's schools. Potentially more "prescriptive" compensation reform is not a priority in the early implementation of First to the Top.

Alignment with the federal agenda

Tennessee's policy on pay-for-performance is consistent with the federal guidelines that embed pay-for-performance into a larger set of human capital strategies. The redesign of the state evaluation system to increase the relative importance of value-added student achievement measures is a direct policy change required under the original RTTT guidelines. Tennessee moved quickly as a state to pass legislation bringing the state into alignment with RTTT requirements on this point.

Tennessee had already created policy allowing districts to design performance pay systems for principals, but districts had shown little interest in implementing such policies. The RTTT application bundled that policy into larger human capital reforms, including the new statewide evaluation system and funding to support local district innovations, creating better conditions under which districts could design and implement these policies if they chose to.

While Tennessee is implementing First to the Top statewide and in all districts, the innovation strategy has not been designed for statewide adoption. Even if the state meets its implementation targets, less than 50 % of the districts will have adopted compensation reform strategies. Moreover, those compensation reform strategies can include much less controversial

reforms, such as bonuses for hard-to-staff teaching positions, rather than salary incentives based on educator performance.

Tennessee's prior experience with a career ladder program weighs heavily in this chosen strategy. One district, when describing its participation in the IAF, raised this history as a key concern before engaging in new compensation reform activities. As the superintendent said to stakeholders in a community meeting, "We've already tried a 'Career Ladder' in Tennessee; it didn't work" (McIntyre, 2011). Key elements of the earlier strategy, which was repeatedly mentioned by respondents as a cautionary tale, are nowhere to be found in the First to the Top strategy. Specifically, the state had no intention of creating a state-directed program. All details, including the determination of incentives and the incentive amounts, are left up to the discretion of local districts. And, while the state does expect districts to use the new evaluations in human capital decisions, it does not require that compensation be part of those decisions.

Consensus of the state coalition

The policy actors in Tennessee shared a commitment to developing an evaluation system and supporting local initiatives to apply that evaluation system to human capital decisions. However, even though there was a unified coalition behind the original First to the Top proposal, the use of student achievement as a significant element in educator evaluations was a hard-fought political compromise.

As a result, some respondents noted that pay-for-performance is a distraction from the policy work on the evaluation system, which was a much greater priority for the state. As described by the former Senior Advisor to the Governor:

These issues, like tenure and pay-for-performance, could end up becoming distractions to what we viewed as the fundamental issue, which was to get an evaluation system in

place...once you get past that, you are able to have a more informed discussion about issues like tenure and pay-for-performance. I think it's something that clearly everyone believed in conceptually, but our focus was on first getting that evaluation tool in place, or at least the policy framework that would allow us to get a good evaluation in place. So it was very much viewed as the step that would take us to a lot of other places, including pay-for-performance. (W. Pinkson, personal communication, 4/5/11)

Ultimately, the state coalition was united in the First to the Top proposal, following the passage of the First to the Top legislation and the final sign-off by state policymakers and district partners (Engler, 2010).

Since the state strategy is to support local implementation, the guidance provided to districts is critical to district understanding of pay-for-performance as part of the overall strategy. In a standard presentation to districts in April 2010 regarding their scopes of work (TDOE, 2010c), TDOE defined the LEA commitment as “develop and implement a district-wide plan for how your district will align promotion, professional development, retention, termination, compensation, and tenure policies with the new principal and teacher evaluation systems” (slide 11). This directive validates the overall strategy which focused on the development and implementation of a new evaluation system. However, among a list of optional activities is the following: “Create and fund plans for differentiated compensation and career paths” (slide 12). The guidance makes clear that the first priority for LEAs is the implementation of the new evaluation system, and, while compensation must be “aligned” with that new system, it is left to the discretion of districts whether they actually want to tackle a more substantive plan for a new compensation system.

All respondents in this study echoed this policy strategy. One state partner noted that “there are still a lot of unanswered questions” regarding pay-for-performance for principals, but that is to be expected during this first year of implementation (S. Bodary, personal communication, 3/15/11). There is not a sense of urgency on this aspect of the First to the Top

strategy, as other issues, including the new evaluation system, dominate the attention of state activities in this first year of implementation.

Effect of external influences

When considering the effect of external influences in Tennessee on the pay-for-performance policies regarding principals, no informants referenced advocacy groups, public opinion, or relevant research. Political considerations, which naturally bundled teachers and leaders together, created additional pressures on the discussion. Finally, the existing state policy work on school leadership and the state's history of using student data to make value-added assessments of student growth, created a state context that eased the conversation around pay-for-performance, though its application to principals was new.

While there was controversy around teacher pay-for-performance, as noted previously, and that discussion stimulated some public discourse during the legislative session (Humphrey, 2010), there was little external pressure to address this issue in a particular way. However, the nature of the RTTT grant created constraints within which state policymakers operated; once the decision was made to apply for the grant, the focus became how to design this type of program. Early and ongoing legislative debates provide support for pay-for-performance strategies, but whether Tennessee was going to have a pay-for-performance strategy does not seem to have been a question.

Political considerations created pressure that emphasized the policies related to teachers. As described by the former director of SCORE, the political power of teachers requires policy makers to focus on them more than on leaders. "While at a really high level there is an acknowledgement that school leaders are important, that they have smaller numbers and maybe

we could leverage them much better,” he says, “but at the political level there isn’t as much organization behind them” (B. Smith, personal communication, 4/1/11). Similarly, the contract issue of having principal contracts linked to teacher contract negotiations further diminishes the attention given to this issue. While this inattention could allow policymakers to move more quickly on this agenda, Tennessee’s First to the Top strategy keeps the teachers and leader pay-for-performance strategies together.

Because Tennessee had recently engaged in a statewide reform strategy to improve the quality of school leadership through new standards and redesigned leadership preparation programs, the addition of evaluation and compensation reform was a relatively easy transition. Existing state partners, such as SCORE, strongly advocated for some type of pay-for-performance for teachers and extended that support to system-wide compensation systems that include principals (State Collaborative on Reforming Education, 2011b). New national partners, including Battelle for Kids, bring expertise to support the state strategy, including a track record of designing and implementing similar systems in other states and districts (Battelle For Kids, 2010). Such partners were actively involved in the original design of the First to the Top strategy, utilize expertise within the state by hiring respected educators to serve as consultants, and will continue to influence both the design and ongoing implementation of the grant.

CHAPTER 7

DISCUSSION OF RESULTS

Introduction

The purpose of this study is to document how three winning states responded to RTTT and determine how they aligned state strategies with federal expectations. As described in Chapter One, the following research questions guide this study:

- 4) What is the state's strategy for principal pay-for-performance? Why was it designed in that way?
- 5) How was the policy developed and how will it be implemented both at state and local levels? How do these perceptions compare with the perspectives of selected policymakers at the national level?
- 6) What is the expected and perceived impact, according to selected administrators at the state and district level, of the policy after one year of implementation in the selected states? How does this compare with the perspectives of selected policymakers at the national level?

Using the analytical framework detailed in Chapter Three, this study combines new federalism and policy instrumentation to describe this policy's process and uses the interpretive lenses of sense-making and motivational theory to better understand the perspectives of the participants in the policy process. These frameworks, which include five dimensions for analysis, offer different perspectives on the policy design and implementation processes. The

three case studies include a *within-case* analysis along each of these dimensions. This chapter presents a *cross-case* analysis using the same analytic framework.

This chapter is divided into three sections. The first section outlines the federal Race to the Top program, summarizing program data presented in Chapter 1 and using interview and document analysis to highlight the specific components significant to this study. The second section considers the similarities and differences between the three cases, using a cross-case analysis. The analysis includes a summary table for each dimension of framework, expanding on the analysis from each individual case and bringing in data from the federal program as appropriate. The third section explores the relevance of each theoretical framework through a narrative analysis of each framework based on the findings across each of the three cases.

Race to the Top: The Federal Program

Race to the Top is a \$4.35 billion federal grant program that rewards states for designing innovative and “ground-breaking” state education reforms. The White House declared the response to the initial grant announcement to be “overwhelming” and pointed out that states had already undertaken important policy changes to support their grant applications (Dillon, 2009). This successful competition was seen to be ushering in a “quiet revolution” for American public education (D. Brooks, 2009), prompting an education adviser to the Obama campaign who helped design Race to the Top to declare, “It’s been one of the most important seasons for education reform in American history” (Dillon, 2010b).

The RTTT competition rewarded states for comprehensive reform and not isolated improvements in specific areas. Federal observers from the American Association of School Administrators (AASA) and the Council of Chief State School Officers (CCSSO) describe the

grant program as a “lever” and a “driver” of change at the state level (B. Hunter, personal communication, 3/29/11; L. Adams-Rogers, personal communication, 2/18/11). Districts submitted applications that addressed the four assurance areas of (1) standards and assessments, (2) data systems to support instruction, (3) great teachers and leaders, and (4) turning around the lowest-achieving schools. Each assurance area had a specific set of performance expectations and programmatic objectives established by the USDOE, though states had flexibility to determine strategic approaches, staging of implementation and program design.

Race to the Top guidelines do not mandate merit-pay systems, but do suggest that growth in student achievement be one of multiple measures to evaluate teacher and principal performance. The US Secretary of Education, Arne Duncan, framed the issue of incentives in two ways:

When community leaders understand that teacher and principal quality varies dramatically as the best educators gravitate toward higher performing schools, they will push for incentives that bring our most talented educators to schools in need. That requires being open-minded to policies like differential pay. (Duncan, 2009)

So, the more we can identify not just the teachers but the schools and the entire school districts that are accelerating student achievement and are accelerating student progress, those are the individuals and the teams and the schools and districts that we need to reward and shine a spotlight on, and most importantly learn from and replicate that success.(Clark, 2009)

First, incentives are a tool to motivate high-performing educators to move to schools where they are most needed, which aims to more equitably distribute educator talent. State RTTT plans in Massachusetts, Tennessee and Delaware support this type of program, concentrating on either district or state programs to provide salary incentives to attract and retain those high-performers in high-need schools. Second, incentives are used as a reward for achievement, a tool for recognizing performance of individual educators and whole schools. Tennessee and, to more a limited extent, Delaware, support this use of incentives in their RTTT plans by leveraging

performance evaluations to identify the highest performing educators. Regardless of how the incentive is used, the incentive programs rest on the identification of performance, which depends on the measures used in the evaluation.

The opposition to merit pay, primary from teacher-based groups, focused on the use of monetary incentives to reward educators based in part on measures of student achievement (N. Anderson, 2009b; Ohanian, 2009; Strauss, 2010). In the guidance from the USDOE (USDOE, 2009a, 2010d), and in interviews and speeches from the administration (Clark, 2009; Duncan, 2009; The White House, 2009), the concept of incentives was consistently framed as a way to both identify high performers and to attract educators to work in high-need schools, as part of a broader human capital strategy, a concept echoed throughout state RTTT plans.

The RTTT guidelines are clear about using student growth rather than raw student proficiency data that can be linked to individual educators, which is the root of the measurement challenge. One of the criteria for awarding RTTT funds was whether states could and would use growth in student achievement to assess the effectiveness of teachers and principals. In a summary of the Race to the Top Program (2010d), the US Department of Education (USDOE) stated, “The Department believes that teacher and principal evaluations and related decisions should be based on multiple measure of teacher performance” (p. 16). The USDOE is clear about the importance of basing evaluations in part on student growth. The Department was also clear that:

...student growth, not raw student achievement or proficiency data, is the relevant measure on which to focus teacher and principal evaluations. Further, the definition of “effective teacher,” “effective principal,” “highly effective teacher,” and “highly effective principal” should use student growth as a significant factor in determining effectiveness (p. 16).

Each state application had to include a written certification from the state's attorney general that all proposed RTTT elements accurately reflect the state's legal and statutory framework. This criterion was especially targeted at the use of data in determining educator effectiveness because, in order for a state to meet the reform criteria of the assurance areas, student achievement data had to be linked to individual educators. At the beginning of the competition, a handful of states, including California, Nevada, New York, and Wisconsin, all had existing laws prohibiting this type of data use (Mcneil, 2009c; National Conference of State Legislatures, 2010; Robelen, 2009). To meet this requirement, some states, including Tennessee, passed legislation in advance of their RTTT application (Staff, 2010). Other states, such as Vermont, were unwilling to make the necessary policy changes and publically opted out of the competition based, in part, on this requirement

These technical challenges and the chorus of opposition to this provision have not deterred the administration. The importance of pay-for-performance to the overall RTTT strategy was clear to observers from the beginning, though the focus is squarely on teachers. The director of a national education partner reflected on this national attention, noting that "the whole country is on the bandwagon of moving to pay-for-performance and tying that to student achievement" (W. Guenther, personal communication, 4/5/11). As further noted by the Director of Education from the National Governor's Association:

Pay-for-performance was a critical part of RTTT from the conceptualization. ... To watch a Democratic president talking about pay-for-performance over and over was a surprise. But once we got over the surprise that a Democrat was pushing the pay-for-performance model, I don't think any of us were surprised to see it in RTTT. What was surprising is that it really has now directly connected pay-for-performance with the tenure and teacher evaluation discussions. (D. Linn, personal communication, 4/5/11)

All of the federal respondents noted the emphasis in the federal policy conversation about pay-for-performance was on teachers and not on leaders, though programmatically the two are

balanced in the RTTT guidelines and grant review process. The Director of Education Programs from the Wallace Foundation emphasized this point: “If it’s going to be in there for teachers, it should be in there for leaders” (R. Laine, personal communication, 4/19/11). However, respondents repeatedly refer to teacher pay-for-performance and teacher evaluation, even when prompted to consider principal quality issues. The Deputy Director of CCSSO stated, “I have heard no conversations about this [for principals], but there is lot more dialogue around this issue at the teacher level” (L. Adams-Rogers, personal communication, 2/18/11). Press coverage of the grant announcements highlighted the teacher evaluation systems and, in particular, state commitments to use student achievement data, but there is no mention of the impact parallel programs would have on school leaders (N. Anderson & Turque, 2010; Dillon, 2010c; Mcneil, 2009a; USDOE, 2009b).

Similarly, federal observers note that states also prioritize teachers over leaders and some question that design strategy. As states begin implementing their RTTT initiatives, a CCSSO program officer reflected:

There is just a rush to get something in place for teachers, more so than leaders. There has been more focus on that area. It seems that if you were really going to sell teacher evaluation, you would say “we’ve already got a system for our principals and now we are going to evaluate you”. That would be a good PR [public relations] move, but it doesn’t seem like anyone is doing that. (J. Poda, personal communication, 2/23/11)

The Senior Vice President for the National Institute for Excellence in Teaching, a national program partnering with a number of RTTT states, noted that the teacher and leader compensation reforms have to work in concert. “It does make sense for the principals to be first,” she said. “That makes logical sense at the school level” (K. Van Hook, personal communication, 3/24/11). However, she went to note that political considerations may be outweighing more strategic implementation strategies: “You can have more of an impact on a school by changing

the principals, but you can have more of an impact on budget by changing the pay of teachers rather than principals.” The original RTTT application does not prioritize the staging of implementation, leaving such details up to the states to determine how to design and initiate new programs in the context of the overall RTTT strategy.

As the RTTT program represents comprehensive state-level education reform, the pay-for-performance provision is also part of a larger systemic approach to Great Teachers and Leaders. Like their state counterparts, national informants noted that pay-for-performance, despite its political currency, is not a stand-alone strategy. This comprehensive approach was highlighted by the Wallace Foundation’s Director of Education, who said:

The focus on effectiveness forced the whole section [Great Teachers and Leaders] to focus on what the job is and how we evaluate it. That was the essence of Race to the Top. Pay-for-performance has a secondary role. (R. Laine, personal communication, 4/19/11)

As a result of this more comprehensive approach and despite the early rhetoric around the policy, multiple national informants did not see pay-for-performance as a priority. As a CCSSO staff member noted, “With some things it was really clear they expected you do it or else you shouldn’t even consider being funding. With pay-for-performance, I didn’t see that as a priority.” (J. Poda, personal communication, 2/23/11)

Regarding implementation, the federal guidelines encourage state innovation, provided the overarching four assurance areas are addressed (National Conference of State Legislatures, 2010; USDOE, 2010d). While states are expected to have a statewide impact, they can scale up their programs over the life of the grant. As a CCSSO staff member noted, “Some advice the RTTT states are getting right now is that it says you have to implement by a certain date, but doesn’t say the whole state,” said a CCSSO staff member (J. Poda, personal communication, 2/23/11). This advice allows states to pilot programs in districts, a strategy that “makes a lot

more sense” then launching untested programs. The result is that “there is great variability how each state thinks about evaluation,” reflecting the dynamic and customized local solutions being developed within the constraints of the RTTT guidelines” (L. Adams-Rogers, personal communication, 2/18/11).

The ongoing public discourse about the importance of merit pay in RTTT described by the respondents in this study did not translate into programmatic priorities. Even though RTTT includes pay-for-performance as a strategy within the competitive grant process, it is not clear that it was a priority for the administration when it came to implementation. Rather, merit pay was the focus of another competitive grant program, the Teacher Incentive Fund (USDOE, 2010b), which moved much of the attention about pay-for-performance away from RTTT. One federal partner suggested that, “they [the USDOE] are afraid to mandate it, but they put it out there with the competitive grant programs, so that people who really wanted to do it would have it available,” referring to the Teacher Incentive Fund (J. Poda, personal communication, 2/23/11). In the end, Phase II RTTT grants were awarded to states, like Massachusetts, which had no state pay-for-performance policy for either teachers or leaders.

Cross-Case Analysis

This section considers the experience of each of the three states – Delaware, Massachusetts and Tennessee – along the five dimensions of the analytic framework. Following the same process utilized in the within-case analysis and with the addition of national perspectives where appropriate, each of the dimensions is reviewed in the order outlined in

Appendix C. While the dimensions are naturally inter-related, each is considered separately in this section.

Clarity of policy objectives

A cross-case comparison of the clarity of the policy objectives suggests that each state had similar experiences building common understanding of the policy objectives. As shown in Table 7.1, state and district policymakers are consistent in their understanding of the state strategy, using the same language and detail regarding pay-for-performance programs and timelines within their own states.

Table 7.1: Clarity of Policy Objectives

	Delaware	Massachusetts	Tennessee
Clarity of policy objectives	Reward and retain high performers. Targeted to teachers, but may include leaders. Part of human capital strategy	No state intention to create pay-for-performance in RTTT. For both teachers and leaders. Focus on high-needs schools	Build local capacity to reward high performing educators For both teachers and leaders. Part of strategic compensation

Respondents in Delaware consistently refer to a “human capital system” or “human capital strategy,” which reflects the broader policy objectives designed to improve the quality of teachers and leaders. In Tennessee, respondents commonly refer to “compensation reform” and “alternative compensation,” which is the language used in the targeted grant programs supporting this policy objective, broadly defined as “strategic compensation.” Even in Massachusetts, where there is no defined state strategy regarding pay-for-performance for

educators, respondents were clear and consistent that within RTTT that there was no state strategy for “pay-for-performance” or “performance contracts.”

Structurally, the RTTT initiatives addressing both teachers and leaders, as detailed in Section Two of the RTTT request for proposals, are working in tandem in each of the three cases. Some interviewees described them as “parallel tracks” or “shared strategies”. However, the overwhelming sentiment of the respondents was that while the structure may have provided balance between teachers and leaders, through working groups and task forces, and while the intent was to work on all educators simultaneously, the conversation was very much focused on teachers alone.

This may be as a result of the political considerations in each state. For example, in Tennessee, where the principals are currently part of the collectively bargaining unit with the teachers, their smaller numbers may be lost in the negotiation process. In Massachusetts, where principals do not have collective bargaining rights, there was an overwhelming sentiment that principals can already negotiate performance contracts so there is no real “problem” that needs to be addressed through a state program or political intervention.

Philosophically, however, all three states address reform of educator quality as work for both teachers and leaders, following the guidelines of the RTTT grant. The Deputy Director of First to the Top in Tennessee put it this way:

They [teachers and principals] are parallel; not separate in any way. There is a lot of separate work in the application. ... I think they work in tandem. You won't have effective systems for teachers, without an effective system for leaders. (R. Woods, personal communication, 3/29/11)

Across the three cases, respondents universally recognized that any kind of compensation reform was part of a larger strategy and not a priority in and of itself. This is consistent with the overarching strategy of RTTT, which linked the four reform areas and encouraged states to

design systemic strategies. In no case did the state chose to preference one strategy over another. Rather, states appear to have orchestrated staged strategies that are consistent with their ongoing reform initiatives.

The intent of the policy

The three cases had very different intentions for their proposed strategies regarding pay-for-performance of principals. While program designers consistently recognize pay-for-performance as part of a larger human capital system, the level of importance to this policy and the way in which it will be implemented reflect a variety of policy purposes, as show in Table 7.2.

Table 7.2: Intent of the Policy

	Delaware	Massachusetts	Tennessee
The intent of the policy	<p>Incentives will attract high performers where they are needed most.</p> <p>Policy will result in a statewide program to be implemented locally.</p> <p>Emphasis on teacher leaders</p>	<p>Incentives are not part of the state policy plan.</p> <p>Compensation issues are local decisions</p> <p>Emphasis on evaluation only for both teachers and leaders</p>	<p>Incentives will motivate leaders to higher levels of performance and reward high performers</p> <p>Policy will support local innovation.</p> <p>Emphasis on teachers, but leaders included</p>

Respondents in Delaware characterized the planned policy as one that will attract high performing educators where they are most needed. Incentives will be used to motivate these educators to change their roles and encourage them to stay in high-need schools. Recognition for their performance is a prerequisite to their selection into programs like the Delaware Fellows, but the intent of the program is to identify those high performers so that they can be better utilized in

other positions. In this case, incentives will be used to motivate a choice, but are not perceived to motivate educators to higher levels of performance in and of themselves.

This understanding of incentives for motivation differs from that in Tennessee, which has similar designs to encourage high performers to move to high-need schools. However, Tennessee is investing more in the innovations of individual district designs for compensation reform and specifically using the language of reward rather than just recognition. Because of their history with career ladders, Tennessee state and district leaders are careful not to replicate an incentive program that focuses solely on the reward. Instead, the state strategy recognizes the complexity of compensation reform as part of a larger human capital system and has seeded a variety of locally-designed solutions through the RTTT-funded Innovation Acceleration Fund.

In Delaware, state and district policymakers were comfortable with a statewide strategy that will be implemented locally, which may be due to the small size of the state and the high degree of coordination of RTTT activities across all districts. In Massachusetts, and to a lesser extent in Tennessee, the focus of incentives and compensation reform is on local designs rather than a statewide strategy or program.

In all states and at the federal level, the conversation regarding all human capital issues is more heavily weighted to teachers rather than principals. Though the emphasis of the Delaware and Tennessee programs is on teachers and teacher leaders, programs and policies support the use of incentives for principals as well. The general sentiment in Massachusetts is that the state does not have a pay-for-performance policy and that one is not needed. This attitude reflects a much narrower view of pay-for-performance policies than are found in other states, where the public discussion about pay-for-performance has been stretched to include recruitment bonuses and stipends for teacher leadership, two policies that are included in the state's RTTT initiatives.

In general, principals are not perceived to be an urgent problem. While some respondents felt that principals were the lynchpin of any kind of compensation reform and others noted that compensation reform for principals may be “low hanging fruit” of a larger pay-for-performance strategy, no state prioritized school leadership in their work to improve educator human capital systems. Work is certainly planned and underway to support improvement in school leader standards, evaluation; and overall human capital policies. But that work is generally overshadowed by the simultaneous work focused on teachers. Structurally, the RTTT initiatives are moving forward with task forces, working groups and RFPs that attend to both teachers and principals. In Massachusetts, where the state strategy includes a new evaluation system, a subcommittee of the evaluation working group was dedicated to the school leaders; in Tennessee, a dedicated Task Force developed a revised principal evaluation program. However, that structural distinction does not translate during this first year of RTTT implementation into a true balance of attention on both teachers and leaders. Teachers dominate both the internal discussions and the press coverage on federal, state and district activities.

Alignment with the federal agenda

The cross-case comparison of the alignment with the federal agenda suggests overall convergence of design with significant variation in the locally-determined implementation strategies, as shown in Table 7.3 below. Each state case provides evidence of state and district policymakers consistent alignment with the overarching goals and state strategies as planned in the RTTT grant and in their approved scopes of work. With compensation reform strategies in all three states, there is some alignment regarding this policy with the original federal intent based on the original RFP, but it is not consistent or strong.

Table 7.3: Alignment with the Federal Agenda

	Delaware	Massachusetts	Tennessee
Alignment with the federal agenda	<p>Partial alignment</p> <p>State policy tools and programs support district-based programs. Limited programs to be implemented by end of grant.</p> <p>Pay-for-performance is considered as part of educator quality strategy.</p>	<p>Minimal alignment</p> <p>State policy tools could be used for district compensation decisions.</p> <p>Pay-for-performance is a district concern.</p>	<p>Partial alignment</p> <p>State policy tools and programs support district-based programs. Limited programs to be fully implemented by end of grant.</p> <p>Pay-for-performance is integral component of human capital strategy.</p>

In Delaware, the state plans for local adoption of state designed programs that target high-needs schools, while Tennessee supports the development of district-based programs that will be partially funded through the RTTT grant. Massachusetts clearly states in their original RTTT grant proposal that they will not be conducting state policy activity regarding pay-for-performance and throughout the initial implementation state plans have remained true to that original design. But, like both Delaware and Tennessee, Massachusetts does create opportunities for districts, especially in the highest need schools, to use incentive strategies to attract high performers where they are needed most.

Non-adoption of Massachusetts pay-for-performance policies reflects the degree to which RTTT is truly designed to be a systemic plan that is not dependent on any one policy or practice. While the original assurances sent a clear message defining the broad priorities and while some of those priorities did require legislative action and policy change at the state level, the broader efforts to improve educator quality proved to be more important. Pay-for-performance was not a gate keeping policy in and of itself. Some of the critical features required of a pay-for-

performance strategy, including the use of student achievement data in personnel evaluations, were non-negotiable. But, as evidenced by the Massachusetts case, states were able to craft local solutions within those boundaries without extending new human capital policies all the way through to pay-for-performance as understood in the original federal RTTT design.

The states all have engaged in robust processes to redesign their educator evaluation tools. All three states have updated leadership standards, which have been included in new statewide evaluation plans, and both Tennessee and Delaware are rapid adopters of new evaluation instruments to support these standards. In addition, these two states have quickly incorporated student and/or school achievement data into educator evaluations and will be utilizing that data to account for at least half of the final evaluation. Massachusetts has not yet completed the design of their new evaluation system for leaders, also based on revised standards, but has established that student/school achievement data will be included in the final evaluation. However, Massachusetts has not established that a specific percentage of an educator's evaluation should be based on student achievement, only that a "significant" percentage will be.

Each of the three states has adopted significantly different implementation strategies, aligned to the original federal program and consistent with the federal intent. As described by the Director of Education Programs for the National Governor's Association, this variation is to be expected based on the local political and policy context.

There is a difference between conceptualizing the idea of what a pay-for-performance model looks like and operationalizing a pay-for-performance model. Many of the grant recipients did a very good job of conceptualizing the project. But in Florida [for example], even though they don't have collective bargaining, it will be very different what the state envisions doing around pay-for-performance if the teachers, principals and superintendents in those districts don't want to do it. (D. Linn, personal communication, 4/5/11)

In support of district-based compensation reform that attends to local conditions, Tennessee is utilizing its own competitive grant program to stimulate innovations that include pay-for-performance for school leaders. Both Massachusetts and Delaware support the use of incentive programs to recruit educators to the state's turnaround schools, as part of those more comprehensive and targeted efforts, though Delaware's program will be state designed with most districts waiting for state guidance before implementation. In every case, the issues of local implementation reflect different strategies and approaches to the larger federal policy. In some cases, these directly alter the original impact expected by the federal program, as in the case of Massachusetts, but the larger systemic work regarding human capital and compensation reform remain on the table as part of the state plan.

Consensus of the state coalition

Regarding the design and implementation of Race to the Top during the first year of the grant, the state coalitions, comprised of state and district policymakers implementing RTTT, are generally well defined by the approved scopes of work and were not affected by political changes at the state level. Across all three states, policymakers held common understandings of the policy objectives, understood the implementation strategy and had common sense of urgency regarding pay-for-performance, as depicted in Table 7.4 below.

Table 7.4: Consensus of the State Coalition

	Delaware	Massachusetts	Tennessee
Consensus of the state coalition	Alignment with state strategy across stakeholders.	Alignment with state strategy across stakeholders.	Alignment with state strategy across stakeholders.
	Shared implementation strategy.	Shared implementation strategy.	Shared implementation strategy.
	Low urgency	Not a priority	Moderate urgency

The degree to which there is a shared implementation strategy at the state and district level is consistent across all three states. Policymakers at all levels hold similar views about the nature of the policy implementation, its purpose and the program timelines. In particular, Delaware state and district partners consistently used the same language regarding “human capital systems” and “educator career ladders,” suggesting that the guidance from the state and design discussions are consistently reinforcing the state strategy. While this may also be due in part to the relatively small size of the state, it does suggest that Delaware’s implementation efforts may accelerate more quickly as a result of shared understanding and common language.

Similarly, in Massachusetts informants consistently described the state policy regarding pay-for-performance for principals as non-existent. While some recognized that compensation reform could be included in the state’s RTTT application, all were clear that it was not included in the application and understood the state priorities for Great Teachers and Leaders to be focused on standards and evaluation, including the controversial use of student achievement data.

As states attempt to stage their implementation over the five years of the grant, national respondents expressed concern about the rapid pace of implementation for states, recognizing that the challenges of pay-for-performance programs could rapidly derail state strategies. From

his perspective at the National Governor's Association, the Director of Education programs worried about the "long term pains" or rapid implementation. He noted:

In my conversations with the RTTT recipients, they are panicked about how to implement what they committed to in the applications. They were really good ideas on paper, but implementing really good ideas on paper is really hard work. The timeline for implementation on these RTTT grants is so fast that I worry that it could be more about getting the work done quickly, versus getting the work done well. You may make some short term gains but there will be long term pains. (D. Linn, personal communication, 4/5/11)

Since all three states first tackled the design and implementation of a new principal evaluation system, that effort is foremost on stakeholders' minds and they are scrambling to meet existing timelines as promised in their RTTT applications (Mcneil, 2011a, 2011b; USDOE, 2011b). In both Delaware and Tennessee, state policymakers place compensation reform in the context of overall improvements to the human capital system, focusing on the foundational policies of principal evaluation and the appropriate use of student achievement data in those evaluations. Districts in these states do not consistently name compensation issues as part of this work, suggesting that the more immediate issues pertaining to the design and implementation of the evaluation system are dominant. However, state policymakers in both Tennessee and Delaware clearly identify compensation reform as part of the overall state strategy. As such, it has some level of urgency – albeit still fairly low – because it is so intimately connected with the more pressing issue of educator evaluations.

National observers note that this sense of urgency lies under the surface, but is still very real. "I don't know how much traction it [principal pay-for-performance] has gotten," reflected the Deputy Director of CCSSO, "but every state is worried about how to do something" (L. Adams-Rogers, personal communication, 2/18/11). As the grant work progresses that worry at the state level, first focused on the development of the new evaluation systems, will turn its

attention to compensation issues and look to the pilot districts and state programs for models and results. Over the course of the grant cycle, the consensus around the pay-for-performance strategies may splinter, as districts grapple with these expected implementation challenges and the states feel pressure to replicate locally developed incentive programs. At these early stages of the grant, however, the states are enjoying a patient understanding from their districts on this potentially controversial policy.

Effect of external influences

Regarding the effect of external influences, cross-case analysis shows that all three cases had few influences external to RTTT design and negotiations. As highlighted in Table 7.5, few informants cited references to research, best practice or any external dialogue from policymakers or the public on the issue of pay-for-performance.

Table 7.5: Effect of External Influences

	Delaware	Massachusetts	Tennessee
Effect of external influences	Continuation of previous work. No cited external pressures. Programs emphasize teacher leaders	Continuation of previous work. No conversation and no cited external pressures. Programs not defined by state	Continuation of previous work. No cited external pressures. Programs emphasize teachers

By the nature of the grant process, state applicants responded to a request for proposals, negotiated strategies within the state context and designed an appropriate action plan to execute those strategies. All three states positioned this strategy as a continuation of previous work, buoying its chance for success and sustainability over time. As noted by a national respondent

affiliated with the Council of Chief State School Officers, “Delaware had a good foundation laid because of the Wallace work and . . . because of the persistence on the leadership work over time” (L. Adams-Rogers, personal communication, 2/18/11). Respondents repeated this sentiment in all three cases, recognizing the policy as part of an overall educator quality strategy, as described above, and positioning pay-for-performance in the state policy context.

Beyond the constraints of the RTTT application itself, the states were relatively unaffected by external influences in their deliberations on pay-for-performance policies. All three states had extensive and long-standing reform strategies designed to improve the quality of school leadership, though only in Delaware was the issue of performance pay or compensation reform a component of those earlier discussions. This policy was not seen as a priority in the previous reform strategies and the state’s participation in RTTT did not change that priority.

As discussed earlier, the balance between teacher and leader strategies presents some internal competition for these policies. All three states appear to be moving simultaneously on teacher and leader quality policies and have bundled both into strategies throughout the RTTT application, including staffing for turnaround school, new procedures for personnel evaluations and redesigns of teacher and principal preparation programs. However, the conversation around teachers dominates the public discourse surrounding the RTTT design and first year implementation.

This push and pull between teachers and leaders, within the overall work of Great Teachers and Leaders, reflected a similar dialogue held at the national level. While some foundation and association-based respondents noted the inclusion of leaders in the overall RTTT grant as a result of a concerted lobbying effort on the part of foundations, researchers and external stakeholders (R. Laine, personal communication, 4/19/11; B. Hunter, personal

communication, 3/29/11; K. Van Hook, personal communication, 3/24/11), others noted that “there is no discussion about performance pay for principals at the national level” (D. Linn, personal communication, 4/5/11).

This reflects the practical reality that the number of teachers far outweighs the number of principals and the political reality that teacher quality issues are a hot topic of conversation in the media and national debates (see, for example, N. Anderson, 2009b; Ohanian, 2009). While leader quality has gained traction in national policy circles, represented in part by the balanced inclusion of school leadership in the RTTT section on Great Teachers and Leaders, these three cases suggest that the teacher policies receive greater attention. But state policymakers state their commitment to work on both issues simultaneously. According to the Deputy Director of First to the Top in Tennessee, “You won’t have effective systems for teachers, without an effective system for leaders” (R. Woods, personal communication, 3/29/11).

The issue of competing policies became an issue of implementation timing rather than policy design. All RTTT applications had to address specific policy areas, so the issue of pay-for-performance was framed in a way that was consistent with the local context. In each state, the pay-for-performance policy follows the design and implementation of a statewide evaluation system, which is perceived to a prerequisite to any type of performance-based compensation system. The need for an evaluation did not compete with pay-for-performance policies, so much it is a required precursor to any longer term strategy to improve district based human capital systems. At this stage of policy implementation, where state and district actors are just beginning to explore programmatic details, there are few concerns about funding and sustainability, two critical issues that are likely to dominate program discussions in future years.

Cross-model Analysis

This section of the comparative case analysis assesses how each of the frameworks informs the understanding of the policy process regarding the RTTT pay-for-performance policies for principals in each state. The study is informed by the policy frameworks of new federalism and instrumentation, which are considered in light of the three case studies. These provide an overview of how the policy process worked based on the findings from the three cases. Then, the study uses the interpretive lenses of sense-making and motivational theory, to understand how participating policy makers understood the intent of the policy and the rationale for its implementation in each of the states. Together, these four frameworks inform our understanding of how this federal initiative is being designed and implemented at the state level.

New federalism

The RTTT competition reflects a brand of New Federalism that streamlines the role of the federal government (T. J. Conlan, 1984) and makes states the primary source of policy innovation (Ferejohn & Weingast, 1997, p. 160; Oliver, 1991). RTTT fits well within a federal policy agenda that values standards, testing and accountability, extending Goals 2000 and solidifying the core philosophies of NCLB, as described by McGuinn (2006) and Wong and Sunderman (2007). The three cases suggest that each of these winning RTTT states have formed willing partnerships with the USDOE to implement a federal framework within their state context, positively testing the principles of New Federalism.

These cases also suggest that even within the constraints of a directed grant proposal design by the USDOE, tight expectations for winning proposals and required consensus among state partners, states exhibit a high degree of variance in program design and have customized

this policy arena to best meet local needs. Though these winning states have been judged to be the most faithful in their ability to interpret and implement federal expectations, they make programmatic and political judgments that reflect innovation and adaptability in meeting these federal requirements. State policymakers found a way to successfully embed these federal requirements into their ongoing reform work, taking advantage of the federal grant to further their own ongoing education agendas. In each of these three cases, the states successfully bundled their larger reform strategies in a way that was consistent with federal expectations, positioning their states to win funding and continue existing reforms. In future years, the pay-for-performance strategies may turn out to be too controversial to sustain the state and federal partnership. But at this point in the implementation of RTTT programs, these winning states have successfully managed to balance local needs and federal expectations.

Policy instrumentation

These three cases reveal a variety of policy instrumentation at work in the design and implementation of state RTTT initiatives. As described in Chapter 2, McDonnell and Elmore define the use of policy instruments within the larger framework of policy implementation research as "mechanisms that translate substantive policy goals into concrete actions" (1987, p. 2). RTTT as a federal grant program reflects characteristics of multiple categories of policy instruments, especially inducements through the use of competitive grants and system-changing instruments through the design of new systems.

The pay-for-performance strategy embedded in RTTT is a multi-dimensional policy tool, as evidenced by the three state cases presented in this research, making it a hortatory instrument, a blended tool with qualities of mandates, inducements, and system-changing instruments. One

of the states, Tennessee, passed legislation allowing for the use of student achievement data in principal assessments. Similarly, all three states had to revise their current principal evaluation systems to incorporate the use of that data, along with the adoption of new performance standards. In related strategies, the states provide ongoing training for principals, as well as support for the redesign of leadership preparation programs, two capacity-building strategies common across all RTTT grantees.

The implementation strategy in RTTT greatly benefited from the design of the RTTT program itself and state plans were tightly aligned with the federal design framework. Because the state had to design a comprehensive program as part of the competitive grant program and that application required the signatures of both state and district policymakers, the heavy-lifting of consensus building and negotiations between stakeholders took place prior to the grant awards. Once the grant was awarded, state action plans and negotiated district scopes of work aligned with those original policies, serving as a directed roadmap for implementation. As a result of that process, all stakeholders understood the state's policy direction and expected implementation objectives. As a policy tool, the competitive grant program appears to have supported the development of a shared understanding between state and district partners.

Schneider and Ingram (1997) note that hortatory instruments attempt to change behaviors by persuasion aligned with current ideals. RTTT reflected these values through the assurances, which required the state to guarantee, among other things, that student achievement data could be used for educator evaluations. This requirement was then applied in the RTTT application through the expectation that educator performance data would be used in compensation decisions, including pay-for-performance. Nationally, the topic of pay-for-performance is hotly debated and states are not immune from the conversation, which has the potential to derail larger

policy strategies and divert attention from issues that policymakers consider to be more critical to overall education reform. The director of MassInsight, a national education non-profit, reflected this concern:

The whole country is on the bandwagon of moving to pay-for-performance and tying that to student achievement. It's an important topic, but the problem is that we lurch from one side of the ferry to the other and presume that a single strategy will fundamentally change the game. (B. Guenther, personal communication, 4/5/11).

However, evidence from these three cases suggests that state and district policymakers clearly positioned this potentially incendiary topic within a larger framework of Great Teachers and Leaders, which is the original federal design of the RTTT grant. While the RTTT assurance requiring the use of student achievement data in educator evaluations did create a firestorm of activity, including controversial legislative action in many states, it did not result in an over-reliance on a single strategy. Rather, states embedded their pay-for-performance strategies in a way that was consistent with their Great Teachers' and Leaders' work, systemically addressing human capital issues of recruitment, preparation, licensure, hiring, training, retention and – in some cases – compensation. States responded to RTTT as a policy tool, persuaded to apply and tentative begin to implement modest pay-for-performance strategies where they were consistent with state policy goals and culture.

Sense-making

This focus on the meaning the policy actors in each state make of the intent of the federal program and the pay-for-performance policy in particular requires an additional analytic lens of sense-making. As defined by Spillane (1995), sense-making takes a cognitive perspective of policy implementation, looking at how those who implement the policy come to understand their actions, potentially changing their beliefs and attitudes in the process. Spillane details three core

elements to this framework: 1) the individual agent, who operates within the organization and within a network, 2) policy signals and direction, which include the policy itself, the technical details as well as the broader agenda, and 3) the situation or the environment and how it is perceived by the individual (Spillane, Reiser, & Reimer, 2002a). Each of these elements supports specific findings from this study.

First, in each of the three cases, the primary individual agent is the RTTT coordinator, who also served as the initial informant for this study. Additional agents operated at the state and district levels, and may or may not have been directly affected or responsible for the policy. Second, because the policy regarding principal pay-for-performance is still in the design stage, all of the informants in this study positioned the pay-for-performance policies within the context of the overall strategy regarding Great Teachers and Leaders, only separating it out with difficulty when pressed by the interviewer. This suggests that even though there is broad agreement as to the intent of the policy, as described above, that policymakers have not yet struggled with the details of implementation that may be a challenge in subsequent years.

Second, in these cases, the question of why the policy will work was secondary to the fact that the policy was required as part of the RTTT grant. There was a general sentiment that pay-for-performance policies might have some benefit as part of a larger system to improve the human capital systems, but could not and should not stand alone. All three states chose not to tackle statewide pay-for-performance programs, relying instead on the initiative and willingness of local districts. This strategy reflects the policy signals and direction set by the USDOE in the original design of the grant process, which valued the broader agenda over any one individual policy.

Finally, as found in other sense-making research, these states are active policy-makers, not simply policy implementers (Anagnostopoulos & Rutledge, 2007; Coburn, 2001; Spillane, 1998; Spillane, Diamond, Burch, et al., 2002). They have engaged in what Spillane (2006) describes as a “conserving process” (p. 89) in that they take the formal expectations dictated by the federal RTTT grant and align those expectations with their current policy environment and practical considerations. The RTTT process, which required multiple stakeholders in the initial design, laid a foundation of collaboration which is reflected within each state by the shared language around pay-for-performance, common understandings of policy intent for planned programs and voluntary alignment with the strategic goal of Great Teachers and Leaders. Of course, only those states with the political will meet the federal requirements applied and then only a few states were judged by the reviewers to successfully address those expectations. These three states reflected the strength of that alignment, but that process does appear to have preserved the federal objectives while allowing for local variation in policy design and planned implementation of pay-for-performance policies in response to the state policy culture.

Motivational theory

Motivation theory posits that salary incentives will motivate performance under certain conditions and for certain individuals. In the public education area, whether or not policy makers perceive those conditions to exist and whether or not they believe that the reward will have the desired effect will impact the design of pay-for-performance strategies at the state level. One explicit assumption of this RTTT policy is that the pay-for-performance will serve as a motivator to improve principal performance and improve student achievement. Motivational

theory can explain why policymakers believe the pay-for-performance policies will have the intended impact and can inform strategic choices regarding policy design and implementation.

These three cases, along with the cross-case analysis, reveal that policymakers have limited expectations for pay-for-performance policy as a single strategy to drive improvement. As discussed above, there are few champions of the strategy, particularly as it relates to principals. Three findings in particular are supported by motivational theory: 1) states value the larger human capital system over a single pay-for-performance strategy, suggesting a lack of confidence that the policy in and of itself will be successful; 2) pay-for-performance is dependent on solid evaluation systems and reliable measures of performance, elements still in development in this first year of RTTT implementation; and, 3) informants had low confidence that the necessary systems would be robust enough to support a quality pay-for-performance program.

First, few informants across the three cases were willing to separate pay-for-performance policies from the overall integrated strategy articulated in the Great Teachers and Leaders section of the RTTT grant. While specific incentive pay or compensation reform programs are included in the grant, respondents bundled all aspects of the educator “pipeline” in their descriptions of those programs. Respondents noted that such programs are a “distraction” and a “lightening rod,” pulling attention away from the more critical issues, such as evaluation and training. Even when pressed to describe why pay-for-performance policies were important, respondents, such as the Deputy Director of First to the Top in Tennessee noted that “I really see it as part of the new evaluation system.... Once we get into implementation, it’s really about what you do with that information and data you are gathering” (R. Woods, personal communication, 3/29/11). The concept of pay-for-performance is cast as the appropriate use of evaluation data for human capital decisions, rather than as a specific reward for individual teachers or principals.

In Delaware, district leaders refer to incentive pay programs, which apply only to entice teachers and principals to serve in high-need schools as part of a recruitment and retention effort. Respondents at the state and district see such incentives as a way to get high performing educators to work where they are most needed. These are retrospective rewards and none of the respondents suggested that such programs would motivate educators to higher levels of performance. Rather, these programs would encourage high performers to stay. In contrast, respondents in Massachusetts and Tennessee were quick to point out the target pay-for-performance programs that are being funded through other programs, such as the Gates Foundation and the USDOE Teacher Incentive Fund. These programs, also part of redesigns of human capital systems, are clearly pilot programs that may inform state policy. RTTT also includes specific pilot effects, notably in support of turnaround schools in Massachusetts and Incentive Fund districts in Tennessee. The difference is that such programs in Tennessee are expected to “share best practices” and serve “as models for other districts.”

Overall, respondents were not enthusiastic supporters of pay-for-performance as an overall policy to support improved principal performance, nor were they avid opponents. Rather, policymakers and district leaders function more as responders to the overall RTTT strategy as laid out by the USDOE. The degree to which these policies are consistent with their own beliefs about the value of the policy is reflected in the way in which the policy is embedded in the larger strategic plan. No state is leading their RTTT implementation with pay-for-performance and no respondent described pay-for-performance as a high priority for state implementation. Those states that have pay-for-performance strategies have couched it in terms of overall improvements in the human capital system or in the educator quality pipeline.

This more systemic approach suggests that policymakers do not view pay-for-performance as a viable motivator in and of itself. Rather, the policy is valuable within the larger context of reforms that include, but are not limited to, compensation reform. This strategy reflects a theory of action that invests in the system rather than in individual programs.

Second, according to expectancy theory of motivation, effective measures must be used to measure performance to increase motivation. Without such measures, the entire system will fail to achieve the desired results, as employees will not have confidence that the measurement reflects true performance (Milanowski, 1999). This theory explains in part why the states are investing in the evaluation systems first and then moving into more specific incentive programs afterwards. The policymakers designed their RTTT plans to support a system to support principal quality, including recruitment, preparation, placement, training, evaluation and retention. Any program to reward or recognize principals based on their performance must first effectively measure that performance. Study informants consistently reinforced this theme, noting that the evaluation is “the first step” and “necessary” to create a performance-system. In the design of the RTTT plan, which includes long term designs on pay-for-performance systems at the state and local levels, states are attending to the need to have reliable measures of performance.

Third, given that any pay-for-performance policy depends on the technical measurement of performance, the confidence that policy actors have in the state’s accountability system and associated measures will impact the policy design and the timeline for implementation. While informants were uniformly consistent within the individual cases about the intent of the policy and their common understanding of RTTT in general, there was wide variation in their confidence that pay-for-performance systems could be designed for effective implementation.

District informants in Delaware looked directly to the state to design a program that they could then implement. State policymakers in Massachusetts looked to the districts to negotiate performance contracts if they so chose and are still unresolved about the appropriate use of student achievement data in educator evaluations. Policy designs in Tennessee are dependent on volunteer districts to participate in the Innovation Acceleration Fund. Each of these design strategies is unique to the state policy context, but even with this customized approach, only the RTTT coordinators in each state express confidence that they can develop the evaluation instruments and measurement tools required for the planned pay-for-performance programs. Other informants recounted expected problems and barriers, citing past programs that had been discontinued, difficulties facing other states and research on the relative low impact of pay-for-performance policies on student achievement.

CHAPTER 8

CONCLUSION AND RECOMMENDATIONS

Introduction

This last chapter includes a short review of the study, reports key findings as result of the cross-case analysis and suggests implications for policymakers and future research.

Review of the Study

The purpose of this study is to explore how states developed pay-for-performance policies within the constraints of the federal Race to the Top (RTTT) program. Two theories of the public policy process, new federalism, (T. J. Conlan, 1984; McDermott & Jensen, 2005) and policy instrumentation (McDonnell & Elmore, 1987), provide the foundation of this research into three state systems. Two additional theories, sense-making (Spillane, 2006; Weick, 1995) and motivational theory (Mohrman & Lawler, 1996; Vroom, 1994) provide the framework for the within-case analysis and the between-case analysis.

In conceptualizing this study, five factors informed the identification of this topic. First, after decades of local implementation attempts, pay-for-performance continues to appear as an education reform strategy, especially in the political environment. Second, RTTT is a new federal education initiative that defines the federal agenda by bundling a series of reform priorities, including pay-for-performance, into a competitive grant for states. Third, states that receive this grant are expected to implement some type of pay-for-performance system, or

compensation reform strategy, for both teachers and leaders, expanding the targeted audience beyond the more familiar teacher pay-for-performance systems. Fourth, in responding to the federal grant program, states had to prioritize and contextualize the federal agenda for effective local implementation, while still adhering to the requirements of the grant. Fifth, and finally, while the scholarly assessments of state education reform systems evaluate the effects of state reform strategies and the assessments of federal education reform initiatives evaluate the impact on state and local systems, there has been little consideration of how state policy makers understand and organize state systems in response to federal incentives. This study attempts to fill that void, highlighting the state policy process in the context of a federal framework.

By utilizing interview data from 38 policy actors and relying on archival materials and documents from the policy process, the case studies in Chapters Four, Five and Six detail the factors leading to the design and implementation of the RTTT policies regarding pay-for-performance for principals in three states. These cases describe the context of state policy and the understandings of state policy actors in three states and then analyze those experiences across the five dimensions of the analytical framework (Appendix C). Chapter Seven utilizes these three cases and provides a cross-case analysis, as well as a cross-framework analysis, which explores the interrelated nature of sense-making and motivational theory to better explain themes found across all cases. Finally, this chapter concludes with major findings, implications for policy makers and recommendations for further research.

Major findings

This cross-case analysis seeks to understand the design and initial implementation of a single policy within the context of the federal RTTT initiative. This examination of

policymakers' understanding of that policy resulted in four primary findings: 1) the competitive grant process creates a shared understanding among local policymakers; 2) local strategies prioritized teachers over leaders, despite a balance in the grant requirements; 3) the role of the federal government is to encourage local adaption while steering toward larger policy objectives; 4) policymakers understand pay-for-performance to be a component of a larger human capital strategy. These findings underscore the importance of policy adaption to local context and the staging of policy implementation.

First, the competitive grant process, which requires local policymakers to design policies within federal guidelines, creates a strong shared understanding among policymakers, regardless of the internal differences within the state coalition. The sense-making framework suggests that this is due in part to the conserving process, where policies are adapted to align with policymakers' understandings. In these cases, the local political environment was already aligned with federal expectations, as the states are voluntary participants. Once the state won the RTTT grant, which included a detailed and negotiated plan of action, state and district actors were implementing that new plan. Because there were few champions of pay-for-performance in any of the states and because the policy was contextualized within the larger framework of educator quality, thornier implementation issues regarding this policy have not yet been faced. However, the evidence from the cases, particularly in Tennessee and Delaware, suggests that the state coalition is likely to hold through the planned implementation, because this single policy is part of a larger reform strategy and is not perceived to be a high priority. In this, the larger federal strategy of RTTT, which focuses state education reform activity on four key assurance areas, has successfully guided state policy behavior toward federal objectives.

Second, previous reform efforts in all three states laid a solid foundation for future work on school leadership and that earlier work gave policymakers a sense that principals are not perceived to be an urgent problem. While some respondents felt that principals were the lynchpin of any kind of compensation reform and others noted that compensation reform for principals may be “low hanging fruit” of a larger pay-for-performance strategy, no state prioritized school leadership in their work to improve educator human capital systems. Work is certainly planned and underway to support improvement in school leader standards, evaluation and overall human capital policies, but that work is generally overshadowed by the simultaneous work focused on teachers. Structurally, the RTTT initiatives are moving forward with task forces, working groups and RFPs that attend to both teachers and principals. In Massachusetts, where the state strategy includes a new evaluation system, a subcommittee of the evaluation working group was dedicated to the school leaders. However, that structural distinction does not translate during this first year of RTTT implementation into a true balance of attention on both teachers and leaders. Teachers dominate both the internal discussions and the press coverage on state and district activities.

While federal policymakers emphasized the role of RTTT to “create new models for educator compensation” and to “reconsider how we reward teachers,” state policymakers did not consider principal pay-for-performance to be an urgent policy problem. Either policymakers did not perceive the issue to warrant attention based on policy culture, or policymakers chose to stage implementation by prioritizing teachers. In each of the three states, districts already had the ability to use performance contracts for principals and negotiate salaries to include bonuses. Even in Tennessee, where the First to the Top Act specifically allowed for the use of value-added student achievement data in evaluations and where pending legislation separates

administrators from the collective bargaining unit, districts already had the authority to put principals on performance contracts, and performance bonuses were excluded from collective bargaining agreements. In several Massachusetts school districts, district leaders described performance contracts for principals as “institutionalized” and “the way we do business.” These types of incentive contracts are limited to administrators in Massachusetts, though districts can collectively bargain similar contracts for teachers. Massachusetts principals lost their rights to collectively bargain in the 1993 Education Reform Act and since that time some districts and administrators have used that opportunity to create performance contracts that function as a type of pay-for-performance. So the issue is not whether a district can create pay-for-performance contracts for principals; rather, the issue is whether a district has the inclination and political will to implement and use such policies as part of their larger human capital strategy. RTTT provided a framework for these compensation issues to be raised, but did not accelerate them onto the state agenda.

Third, the structure of a competitive grant process, which included state action plans and district scopes of work, allows for policymakers to stage policy adoption and programs to adapt policy requirements to local contexts. All three states have delayed or, in the case of Massachusetts, will not adopt state level policies on principal pay-for-performance. This reflects a thoughtful staged process, whereby states are able to move forward on some aspects of their strategies for school leaders in a way that is consistent with the work already underway. But as states make choices to accommodate local needs, the alignment with the federal strategy is at risk.

Each of the three states plans to accelerate these programs in the remaining years of the RTTT grant. How strong the push for pay-for-performance for school leaders will depend less on

the federal role and more on the implementation choices states will make in the near term. It may be that the lack of political attention will allow the work on school leaders to blossom in future years. As states wrestle with the implementation of teacher evaluation and other RTTT initiatives, the solid foundation of earlier work on school leadership will continue to move forward. New principal evaluation tools, along with RTTT investments in leader training and other components of the states' Great Leaders strategy, will complement the overall RTTT initiative. The long standing work on school leader quality and related reforms shows no sign of fatigue and the states have built capacity to sustain these reforms with or without RTTT funds; but, if pay-for-performance does come to dominate the political conversations in future years, school leadership is unlikely to be elevated in that debate. It is more likely that the lack of urgency around school leaders will simply continue and teacher issues will dominate the state strategies for the duration of the grant.

In either case, the role of the federal government to implement RTTT is unchanged. As states continue to request modifications to their scopes of work, which they will inevitably do when faced with practical implementation challenges and political opportunities, the role of the USDOE is to align state work to the original federal expectations through the grant approval process. This specific issue of pay-for-performance for principals was never a high priority, despite the related rhetoric associated with teacher compensation, and the state awards reflect that balance. The competitive grant program gives the federal government a lever to drive change in state policy, but only among the willing participants and only at the highest strategic levels, which is where the USDOE can be most directive. Pay-for-performance is a policy that is predicated on more substantive policies, like the use of student achievement data in evaluations, which are of greater strategic value to both federal and state partners. While pay-for-performance

may open an important political battleground, it can be seen as a distraction to the more fundamental education reforms that are of higher practical value.

Finally, policymakers and practitioners consistently frame compensation reform as just one piece in a larger human capital reform strategy. Whether or not respondents agreed that pay-for-performance policies and programs were important, most respondents understand them to be heavily dependent on other reforms, such as data and evaluation systems, which need to be put in place first. While the pay-for-performance provisions of RTTT were broadly covered in the media and served as the source of much political discourse during the initiation of RTTT, state leaders framed the discussion of compensation reform as an element of a much more complex system which required increased state capacity to deliver. This “staging” of reform activities reflects very real implementation barriers as well as a wariness to tackle such politically divisive issues so early in the reform process.

Implications for policymakers

This study carries three implications for policy and practice. First, competitive grants allow the federal government to promote its agenda as type of intergovernmental agreement, provided the states have a clear understanding of federal priorities. Second, while pay-for-performance is a compelling policy in political circles and has some advocates among practitioners, state policy makers appreciate systemic nature of such a program and see it as part of a human capital continuum and not a stand-alone strategy. Third, bundling teachers and leaders together in RTTT provided states with an incentive to address both in their strategies to improve educator quality. However, states tended to combine strategies, which at this early stage of design and implementation tends to prioritize activities and work regarding teachers.

Intergovernmental relations

The nature of the RTTT grant requires states to coordinate a response to a federal competitive grant program. States were not obligated to apply for the grant and the USDOE made no promises to applicants to provide funding if the applications did not meet grant criteria. However, the federal policymakers provided extensive guidance regarding the award criteria and clearly signaled, in documents, targeted guidance and in the media, the policy requirements states had to meet in order to be eligible for this award. These cases suggest that such messages were clearly communicated and broadly understood by state policy actors, enhancing the sense-making process. In Spillane's cognitive framework (2006), the work of policy implementation requires time, opportunities and a strong culture of collaboration among all actors. The nature of the competitive grant creates the required opportunity. These winning states shared an understanding that pay-for-performance policies had to be addressed in the grant, though they differed in the priority and urgency of those policies. Policymakers at both the state and federal levels worry about the rapid timeline for implementation, which could result in both tactical errors in implementation and a splintering in the collaboration among state partners.

This state coalition charged with implementing RTTT is unified around the scope of work as it currently defined. The more difficult and potentially incendiary issues regarding pay-for-performance will not emerge until after the roll-out of state evaluation systems that include the use of student achievement data as a measure of educator performance. As this work progresses in years two and three of the RTTT grant, policymakers will confront implementation challenges that will test the strongest political partnerships, as earlier pay-for-performance programs have experienced (Heneman et al., 2007; Podgursky & Springer, 2007). Even within the limited scale of the planned programs, states and participating districts will have to work to

maintain that collaboration, which during this first year of the grant is based on a program design and not based on a shared belief about the intent of the program. As plans become reality, those differences, which are grounded in differing opinions about the purpose of pay-for-performance programs, will come to light and may have the power to derail any attempts at broader implementation.

While all three states received the RTTT award and all three received the highest ratings for their plans for Great Teachers and Leaders, which included the elements regarding pay-for-performance, each has engaged in conversations and negotiations with the USDOE throughout the application design and first year of implementation. As a result of these discussions, states have changed their implementation timelines as well as funding priorities. For example, Massachusetts delayed its original plan to adopt regulations for a tiered-principal-licensure and career-ladder system from the first year of the grant to the second year (Mcneil, 2011c). This initial flexibility shown by the federal government in negotiating scopes of work suggests that the USDOE will defer to state judgment in the future and allow for customized solutions to be developed provided they support the overall strategic focus of the grant. The manner in which states organize these smaller initiatives and programs will be left to the discretion of the states and may encourage wider variability of policies and programs than originally expected. The original intent of the grant will remain intact, but the states will customize solutions to reflect their political and policy environments.

Pay-for-performance is not a stand-alone strategy

Pay-for-performance requires reliable data on student achievement and school performance, and is an element in a robust human capital system that monitors and rewards

performance. All three states in this case study designed small pilot programs, either as competitive grants to districts or as part of the state assistance to the highest-need schools. The federal intent to elevate this policy in the RTTT initiative takes a backseat to local considerations and staged implementation strategies. Using Massachusetts as the most obvious example, while the federal RTTT priorities include pay-for-performance policies, the state is not able to commit to any implementation because compensation is bargained locally. However, the state is able to commit, as part of its eligibility criteria, to include the use of student achievement data in educator evaluations and utilize monetary incentives to recruit and retain teachers and leaders in the state's highest need schools.

These programs, along with the other incentive-based RTTT initiatives, meet the overall intent of the federal policy without creating statewide pay-for-performance systems. Given the lack of consensus at the state level about the value of pay-for-performance systems, the intent of the federal policy is met by creating conditions that could be used for pay-for-performance systems, but effectively supporting a policy framework that considers performance in a human capital strategy. Whether or not monetary incentives are used does not take away from the overall first year results of the federal initiative, which was successful in that it changed the conversation around educator evaluations, created common language at the state level and moved a comprehensive agenda forward.

Teachers versus leaders

Under RTTT activities, states and districts have bundled teachers and leaders together for most aspects of the human capital system, particularly regarding statewide training and evaluation tools. For example, all three states have aggressive professional learning for both,

with some customized training for content areas and differentiated roles. Each state has plans and programs to provide on the job coaching and support for educators, particularly in high-need schools. In these aspects, the state attended to teachers and leaders in much the same way. However, when it comes to issues of compensation, teachers and leaders are decidedly not in the same category.

Because of the lack of job security, increased accountability for results and potential for differentiated pay, the policy debate on principal compensation at both the state and federal level should be uncoupled from that of teachers. While principal compensation shares some of the same attributes with teacher compensation systems, such as a base salary schedule in some states, there are three specific differences that make principals worth studying as a separate workforce. First, principals do not have tenure and therefore have a heightened level of risk regarding job security. Motivational theory suggests that a job with additional risk is more likely to benefit from performance pay if it also meets the motivational needs of the employee (Gomez-Mejia et al., 2000).

Second, because principals do not have tenure, they also have a limited ability to negotiate for contracted salaries. While principals are on the salary schedule in some states, which is approved by the board of education and pegged to years of experience and certification level, principals may have the opportunity to negotiate individually for their annual contracts. This creates an opportunity that does not exist for most teachers in public schools and districts. While not usually acted upon, principals are in a better position than teachers to leverage contract negotiations to include voluntary performance incentives.

Third, principals have increased public accountability for organizational results. Whether or not the blunt accountability measures are an accurate measure of principal skill, they neatly

link principal effectiveness with organizational performance. Many of the turnaround strategies included in another section of the state's RTTT initiative begin with the hiring of a new principal for a low-performing school (Caulkins et al., 2007; Duke et al., 2005). These accountability measures are simple to understand, difficult to refute as a measure of principal effectiveness, and more easily converted to pay-for-performance schemes.

Recommendations for further research

The implications for research of this comparative case study of RTTT implementation in three states fall into three categories: 1) the theoretical considerations that emerge from the combination of frameworks used in this study, 2) factors in the policy process resulting from the competitive grant program, and 3) programmatic issues regarding pay-for-performance for principals.

Regarding the theoretical considerations of this study, the sense-making framework applied at the state policy level is ripe for future research. State departments of education work within broad coalitions of stakeholders to coordinate and drive reform activities. In this case, states had to both choose to participate in RTTT and design an appropriate response. How states mobilized their coalitions and how states choose to take part, will provide additional insight into the policy levers available to state and federal reformers. Furthermore, many of the respondents cited their participation in privately funded initiatives, such as the Wallace Foundation's Cohesive Leadership System grant or the Gates Foundation's Partnerships for Effective Teaching. These networks of grantees and their accompanying evaluation findings appear to be highly valued by their participants and have created shared understandings about the types of state policies that can support education reform activities. How these networks are used to create

that shared understanding and further analysis of the sustainability of these networks would shed insight into how policy movements can be nurtured and sustained over time.

An additional research opportunity includes testing this framework in “non-event” states. A similar study that included states that applied for but were not awarded the grant and states that opted not to apply at all would provide a much more robust window into the how important this shared understanding of policy priorities is. Do interpretations differ more significantly in unfunded states? An understanding of the strength of the state coalitions and the shared understanding between state and district policymakers in these non-event states might shed light on other factors that did not emerge from this study of three funded states.

The sense-making framework is not frequently applied at the level of state systems. As states continue to drive policy changes and expand their capacity to support federally driven initiatives, how the states organize to support those reforms and how coalitions form around the change are critical factors generally addressed in other frameworks, such as the Advocacy Coalition Framework (Sabatier & Jenkins-Smith, 1993). Sense-making helps round out those inquiries by looking more closely at the meaning policy partners make of their roles and actions. There is a natural overlap between these two frameworks when applied to the policy process at the state level, and future research could map these intersecting frameworks.

Because RTTT is a competitive grant program that required immediate policy changes, as well as rapid statewide design and planning, additional research regarding this policy process could inform future iterations of this grant. Research into the coordination of statewide coalitions and the determination of state priorities might provide recommendations for the improvement of the competitive grant process. Further inquiries into the use of this policy instrument, particularly in other fields and in comparison to other funding tools, would inform the appropriate use and

expected outcomes of the grant program itself. Research about the negotiations between the federal actors and the state policymakers, especially over the course of the implementation of this initiative, could unpack the degree to which the federal policy agenda is modified to address state and local concerns. Finally, because the RTTT grant codified a broad federal agenda, an analysis of the policy changes in non-RTTT states would indicate the reach of this policy beyond its funded states.

Regarding the programmatic issues of pay-for-performance policies, research has traditionally focused on the programs for teachers. As highlighted in this study, the two cannot be completely separated from a political perspective, but from a practical point of view the mechanisms and risk are potentially very different. The scholarly attention to principal compensation is thin and there are three topical issues that this study suggests for future research.

First, the question of incentive pay for teachers is often tied up in complications of state salary schedules or collective bargaining agreements. As reflected in the case studies of Massachusetts and Tennessee, these are not necessarily constraints on principal contracts. How districts and principals choose to negotiate their contracts, the degree to which principals salaries in those environments have any relationship to the quality of the principal, and whether or not performance incentives are included in those contracts is an area of future investigation. Those findings would inform state policy makers regarding the power and impact of such compensation reforms.

Second, as states and districts implement pay-for-performance policies for principals, the degree to which those policies are bundled with pay-for-performance policies for teachers offers another avenue of research. Some districts already have pay-for-performance policies for principals and not for teachers, while other districts have policies for teachers and not for

principals. What are the politics behind these choices and why are states and districts motivated to choose one over the other? Federal respondents in this study expressed concern about state strategies that focused exclusively on teacher pay-for-performance issues. States may be motivated by the political reality of the size of the teacher workforce, the strength of their organization or the high visibility of teacher quality issues. But, is it politically sound to press on teachers while ignoring principals?

Finally, while it is unlikely that one model is best for all situations, as states design programs they could be informed by research on the implementation of systems for targeted groups of educators. Based on this cross-case comparison, it appears that states stage the implementation of pay-for-performance policies, either by conscious design or by default. More compelling data that tracks the implementation of these programs as part of the larger RTTT grant would inform policy implementation research and assist other states and districts that attempt similar initiatives.

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APPENDIX A

Instrument #1: Interview Protocol

Telephone interview for up to 40 willing participants in three states and the federal government.

NOTE: federal actors will receive the same questions, focusing on the overall federal Race to the Top competition, with modified prompts.

NOTE: Verbal consent script MUST be read first.

VERBAL CONSENT SCRIPT

I am a graduate student under the direction of Professor Elizabeth Debray-Pelot in the Department of Educational Administration and Policy at the University of Georgia. Through this interview, you are participating in a research study entitled *Principal Pay-for-Performance as State Policy: How 3 Race to the Top winners align state policy with federal incentives*. The purpose of this study is to explore how states developed pay-for-performance policies within the constraints of the federal Race to the Top program.

Because this study meets the research standards of the University of Georgia, I am required to get your verbal consent to participate. Please bear with me while I review the consent requirements:

1. Your involvement in the study is voluntary, and you may choose not to participate or to stop at any time without penalty or loss of benefits to which you are otherwise entitled.
2. The results of the research study may be published and, as a public official [or participant in a public policy process], your name may be used in the final report.
3. There are no known risks or discomforts associated with this research.

By participating in this interview, you are agreeing to participate in the above described research project. Do you agree to participate?

Finally, I would like to audio-tape this interview. Do you agree?

Thank you. Now, let's talk about Race to the Top...

INTERVIEW PROTOCOL

1. What has been your role with the state's Race to the Top application?
 - a. Prompts:
 - i. Change. How has that role changed during this first year of implementation?
 - ii. Authority. What are your specific responsibilities now?
 - iii. Structure. Who do you work for?
2. Regarding the state's strategy for Great Teachers and Leaders, how would you describe the state's strategy specifically as it relates to principals?
 - a. Prompts:
 - i. Balance. Is the state working simultaneously on teachers and leaders?
 - ii. Priority. What is the greatest priority regarding Great Leaders? Principal supply? Principal quality? Incentives?
3. Can you tell me about the specific strategy of principal pay-for-performance (aka "merit pay" or "incentives")?
 - a. Prompts:
 - i. History. Is this a significant change from previous policy? How?
 - ii. Support. Is there broad support for this policy? Why?
 - iii. Measurement. How does the strategy include measures of student achievement in the evaluation of the principal?
 - iv. Incentives. How does the strategy leverage RTTT funds as incentives for individual principals?
 - v. Involvement. How are districts and school leaders involved in the policy formation and implementation?
4. What do you see as the biggest challenges or barriers to implementing the state strategy on principal pay-for-performance?
 - a. Prompts:
 - i. Stakeholders. Is there broad support for this specific policy?
 - ii. Priority. Will this policy be implemented in this first year of RTTT?
 - iii. Resources. Are there enough funds to support the state strategy on pay-for-performance?
 - iv. Scale. Is the RTTT strategy scalable beyond the participating districts?
5. How might the current pay-for-performance strategy (specifically for principals) be improved?
 - a. Prompts:
 - i. Measurement. Is there a better way to recognize the high performing principals?

- ii. Stakeholders. Are the right people involved in the design and implementation of the policy?
 - iii. Alignment. Is this policy supporting or detracting from the overall RTTT effort?
 - iv. Impact. Will the incentives have the desired outcome?
- 6. Is there anything else you think I should know about principal pay-for-performance in your state?
- 7. Who else would you recommend that I talk with about the state's Race to the Top strategies for school leadership?
 - a. Prompts:
 - i. State policymakers
 - ii. District leaders
 - iii. Advocacy organizations?
 - iv. Business leaders?
 - v. Higher education?
 - vi. Others?
- 8. If I have any further questions, may I follow-up with you by phone or email?

Thank you for your time.

APPENDIX B

Instrument #5: Thank you email [email to participants following phone interview]

Date

Dear _____ :

Thank you so much for participating in today's interview. I appreciate your willingness to share your experience and time with me.

The purpose of my study is to explore how states developed pay-for-performance policies within the constraints of the federal Race to the Top program. In the next few weeks, I will be sending you a draft of my case study for [state]. I will welcome your feedback at that time. My research will be complete this summer, 2010 and I will be sure that you receive a copy of the final project.

As a reminder, your involvement in the study is voluntary, and you may choose not to participate or to stop at any time. If you have any questions about this research project, please feel free to call me at (404) 865-1657 or send an e-mail to annlduffy@yahoo.com. Questions or concerns about your rights as a research participant should be directed to The Chairperson, University of Georgia Institutional Review Board, 612 Boyd GSRC, Athens, Georgia 30602-7411; telephone (706) 542-3199; email address irb@uga.edu.

Thank you again for your participation! Please keep this email for your records.

Sincerely,

Ann Duffy
annlduffy@yahoo.com
(404) 865-1657

APPENDIX C

Analytic Framework

1. Clarity of policy objectives	<ul style="list-style-type: none">a) Was there one commonly agreed upon goal of the state's pay-for-performance policy?b) Were there competing goals for policy?c) To what extent did program goals influence the proposed policy solutions?
2. The intent of the policy	<ul style="list-style-type: none">a) What is the theory of action that undergirds the policy?b) What is assumed about the role of principals and how does this policy support that theory of action?c) Why to policy actors think the policy will work or not work?
3. Alignment with the federal agenda	<ul style="list-style-type: none">a) How well does the policy align with the original federal intent?b) What compromises have been made at the state and/or district level to address local context?
4. Consensus of the state coalition	<ul style="list-style-type: none">a) How aligned are intrastate policy actors with the policy objectives?b) Is there a shared implementation strategy at the state and district level?c) To what extent is there shared information and communication within the state to support implementation?
5. Effect of external influences	<ul style="list-style-type: none">a) Did other education issues affect the policy deliberations of principal pay-for-performance programs?b) Did other state/regional/national issues affect the policy deliberations?c) To what extent did public opinion influence policy deliberations?