

about AISD REACH is “a unique collaboration.” Certainly educators and business groups work with each other in many districts. But the extent and duration of the collaboration in Austin to mount and sustain a major education initiative is unusual in American education.

Several factors appear to have contributed to the success of this collaboration. While educators sometimes resist input from business people they perceive as not understanding or being hostile to public education, AISD leaders embraced a collaborative approach from the beginning of their efforts to design and implement a strategic compensation plan. As this policy brief indicates, this openness has had both substantive and political benefits for the district’s efforts.

Likewise the district benefited from the willingness of business leaders, acting through the Chamber of Commerce, to undertake sustained, intense, and collegial discussions with their education counterparts in the district and from Education Austin. Business leaders and educators are not always natural allies, because they work in different environments and often have different perspectives. In Austin, all the individuals involved seemed committed to making their collaboration real and meaningful.

To some extent Austin seems to have benefitted from having a number of “the right people at the right time” to work together on the strategic compensation initiative. The superintendent understood the importance of engaging all the stakeholders from the beginning. The vice president for education and talent development at the Chamber had significant experience in education policy at local, state, and national levels. The past chairman of the Chamber was strongly invested in the process

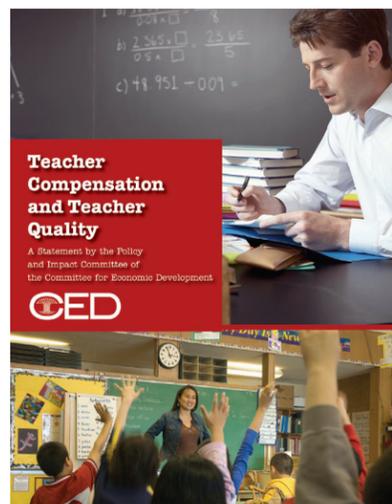
of improving public education and committed to the work of the Steering Committee. The president of Education Austin had been working for several years to transform the association to one that emphasized teacher quality and student outcomes. To some extent, each of these individuals had to take some political risks in working so openly and extensively with each other, but all were willing to do so.

The key ingredients that led to successful collaboration, however, seem to have had less to do with individual personalities and more to do with the commitment to mutual respect and perseverance shown by the key actors (and those that replaced them as the inevitable turnover occurred over the years).

Educators allowed business leaders to participate in their discussions about reform and to stimulate thinking and offer new ideas. Business leaders learned about and reflected a genuine understanding of the complexities of public education. In this atmosphere of mutual respect, both parties were able to ask and respond to questions that were both essential and difficult to answer in order to move forward.

In addition, all the parties were willing to persevere through a lengthy design and implementation process in order to launch the initiative as constructively as possible and allow for evolution and adaptation as important lessons were learned. Participants attended frequent meetings of the Steering Committee and Chamber Task Force, devoted time to analyzing input from external resources, and attended school board meetings when necessary. Deliberate attention was paid to involving a number of individuals from each stakeholder group, not only to broaden the level of buy-in and support but to ensure that knowledgeable individuals would be prepared to take over as initial leaders moved on. Thus collaboration continues to be a hallmark of AISD REACH as it moves beyond the pilot stage.

CED thanks Patrick Schuermann and Eric Hilgendorf and representatives from AISD, the Austin business community and the Chamber of Commerce, and Education Austin for contributing information to inform this policy brief.



More information about AISD REACH and the Austin Chamber of Commerce can be found at: www.austinisd.org/compensation • www.austinchamber.com

CED’s 2009 report *Teacher Compensation and Teacher Quality* can be found at: <http://www.ced.org/images/library/reports/education/tctqreport09.pdf>

Teacher Compensation and Teacher Quality

Policy Brief

Committee for Economic Development



Austin, Texas: An Educator/Business Collaboration In Support Of Teacher Compensation Reform

In its 2009 report *Teacher Compensation and Teacher Quality*, the Committee for Economic Development urged business leaders to be active participants in school district deliberations about teacher compensation policies. CED noted that “business leaders can make the case to the public that current policies are inadequate” for the task of attracting talented individuals to the teaching profession and rewarding them for strong performance. CED pointed out that members of the business community can be forceful and knowledgeable “critical friends” for states and districts working to design, implement, evaluate, and refine new approaches. Businesses have had to adjust their own policies to build the workforces they need to meet the demands of a 21st century economy. They can offer valuable assistance to educators who are coming to recognize the importance of rethinking their own human capital policies in light of today’s labor market realities and demands to raise student achievement.

The example of how the Austin (TX) Chamber of Commerce has worked over several years with the Austin Independent School District (AISD) to plan and implement a new strategic compensation plan demonstrates how collaboration can help the two sectors better understand each other and work together to develop an important new policy initiative and build public support for it. It illustrates how a community of concerned stakeholders can work together to accomplish the common goal of ensuring that all AISD’s students are successful.

AISD: An Overview

The Austin Independent School District is located in the Texas state capital and in 2010 was the fifth largest school district in the state. In school year 2010-11 the district has 124 schools with slightly over 6,000 teachers serving 86,000 students. The demographics of the district have changed noticeably over the past decade, with over half the students now Hispanics and almost a third classified as having limited proficiency in English. Almost two-thirds qualify for free-and-reduced-priced lunches, a commonly used indicator of economic disadvantage.

Texas forbids employers to bargain collectively on a binding contract with public school and most other public sector employees. Employees may, however, select a consultation agent to negotiate with school officials over issues such as wages, benefits, and conditions of employment. The agent and school officials may “meet and confer” regularly. Currently, Education Austin, a

merged affiliate of the National Education Association and the American Federation of Teachers, is the consultation agent for teachers.

AISD schools are diverse in their student bodies and in the academic performance of their students. The district has seen more of its schools receiving “exemplary” and “recognized” ratings on the Texas state accountability system in recent years, with “exemplary” schools growing from 7 to 32 between 2007 and 2010 and “recognized” schools growing from 18 to 36. In 2010 41 schools were rated “acceptable,” while only 1 was rated “unacceptable” (a decrease from 9 in 2007). The ratings reflect student scores on Texas state tests as well as high school completion rates and drop-out rates for schools offering grades 7 and 8. Only about three-quarters of students pass all relevant exit exams and graduate from high school within four years of entering, with significantly lower rates for Hispanic, African American, and economically disadvantaged students and significantly higher rates for white students.

The Origins of AISD REACH

In 2005, concerned among other things with high teacher turnover and low student performance, AISD adopted a strategic plan for the 2005-2010 period that opened the door to thinking about new ways of compensating teachers. At the time, like most American school districts, AISD paid teachers mainly on the basis of their years of service and accumulated academic degrees and credits. The strategic plan called on district officials to “develop and implement a comprehensive, long-range plan to provide greater supports and incentives, including compensation, to teachers, principals, and staff, and encourage highly-effective teachers to continue service in our highest-need schools.” The plan specifically charged the superintendent with developing and implementing compensation plans which reflected marketplace conditions and with exploring the feasibility of linking compensation to performance.

At about the same time, the Austin Chamber of Commerce undertook an assessment of talent requirements in the central Texas region and concluded that there was a shortage of college-educated talent for future growth. Based on this finding, the Chamber launched a multi-faceted five-year initiative to increase college readiness and enrollment in the region.



Committee for
Economic Development

2000 L Street N.W.
Suite 700
Washington, D.C. 20036
202-296-5860 Main Number
202-223-0776 Fax
1-800-676-7353
www.ced.org

Thus both the district and the Chamber were ready to think seriously about how AISD could use new approaches to compensation as part of its strategy to better prepare students for college and the workplace.

Designing and Implementing a New Compensation System

In addressing the pay-related provisions of the strategic plan, AISD understood the technical and political difficulties that characterize efforts to think about compensation in new ways and that have often bedeviled efforts in other districts to reform teacher pay. Thus officials opted to proceed slowly and deliberately. They created a 26-member Compensation and Support Task Force that worked for over two years to design a strategic compensation initiative that became known as AISD REACH. The Task Force included a broad array of stakeholders including district officials, principals, teachers, parents, Education Austin, and business and other community groups. After extensively reviewing compensation models used across the country and meeting with key experts, the task force made a set of recommendations for a new method of paying its teachers, dubbed “strategic compensation,” that would help the district meet four critical goals: (1) raising student achievement and reducing achievement gaps related to income and ethnic status; (2) recruiting well-qualified teachers and principals; (3) retaining effective teachers and principals, especially at high-need schools; and (4) recognizing outstanding performance and encouraging growth in the knowledge and skills that lead to effective performance.

AISD proceeded to develop a four-year pilot project for initial implementation in the 2007-08 school year. The district continued to approach compensation reform in a highly collaborative way. It created a Strategic Compensation Steering Committee that continues to guide strategic compensation activities. The committee includes, along with district and school-level personnel, a representative from Education Austin and the Chamber of Commerce as well as other community groups. Its initial chairs included the Education Austin and Chamber members. The group met weekly during the critical design stage and still meets regularly.

The Chamber contributed to the design effort through its representative on the Steering Committee. The Chamber also undertook to provide more extensive assistance to the district by creating a special Chamber Compensation Task Force. The group included local business leaders representing the diverse employer community in Austin (for example, healthcare, banking, specialized technologies, public relations) who could share their experiences in designing compensation systems that provided incentives and rewards.

By the summer of 2007, AISD was ready to launch the first year of its pilot program on strategic compensation. Benefiting from the experience of other school districts and of local business leaders, AISD made several crucial decisions. One was to

create the program as a pilot in a limited number of schools, rather than start with a larger roll-out. This gave the district the opportunity to learn and adapt over time as officials learned more about what worked and what did not. It also provided the opportunity to seek and respond to educator and community concerns, thus reinforcing the commitment to collaboration and permitting comprehensive evaluation to take place before deciding whether to move the program to scale. Another crucial decision was to adopt multiple measures of performance for determining pay rewards and to include in the initiative not just rewards but also supports for the professional growth of teachers and principals.

REACH has evolved over time but continues to include three major program elements: student growth, professional growth, and recruitment and retention stipends. Principals and teachers can earn bonuses based on teacher-developed student learning objectives and on school-wide growth on Texas state exams. Professional growth is encouraged by stipends for teachers and principals who participate in and achieve certain performance standards in a voluntary professional growth program. Teachers in their first three years of service are provided with mentors who are released from other duties and paid for their mentoring activities. Recruitment and retention stipends are aimed at attracting new teachers to high-need schools and encouraging teachers and principals to stay for more than three years at such schools.

The REACH pilot was first launched in school year 2007-08 with 9 schools participating. The program has grown gradually to 11 schools in year 2, 16 schools in year 3, and 19 schools in year 4 (2010-11). REACH is set for a significant expansion in the next several years thanks to a new federal grant, as discussed below.

Offering Expertise/Building and Sustaining Support

School officials and the teacher association representative in Austin are quick to acknowledge that, through the Chamber of Commerce’s efforts, the business community has been a very useful adviser, sounding board, and partner for the district’s strategic compensation effort. Each community learned from the other as business leaders described how they do things in their companies and educators had the opportunity to discuss how business experiences might most constructively be translated into the public school setting.

The representatives from business were able to provide useful input on a number of issues. For example, task force input helped the district develop its selection process that would determine who would qualify for financial incentives. Business experience was useful in determining how to provide training for those who would implement the compensation reforms, how effective mentoring for teachers could be included in the program, and how to undertake external evaluation of the REACH initiative.

Business leaders also helped the district develop a fiscally sound compensation plan. They have assisted with branding and marketing efforts, helped guide the plan through a transition of district leadership, provided input on the direction of strategic compensation, and helped synthesize the pilot into the district’s overall human resource policy.

The Chamber also provided public support for the initiative at several important points. To implement the program of financial rewards and incentives, the AISD Trustees had to find new money for teacher and principal pay. While state dollars became available to help expand the program in the second and third year of the pilot, the district itself fully funded the effort in the first year. The Chamber voted to support the superintendent and Trustees in their decision to raise the local “maintenance and operations” tax rate for schools in part to provide money for the pilot project, a significant expression of community confidence.

As the important first year of implementation ended in June 2008, the Chamber held an Education Roundtable sponsored by IBM where a panel of business and education leaders provided an update on year one of REACH. Successes, challenges, and goals for the following three years were highlighted. Business leaders who had been involved in the effort spoke, as did district and school officials and the president of Education Austin. AISD released a self-evaluation that included both support for and critical feedback on the compensation initiative.

The Chamber continued to offer public support as well as advice as the pilot proceeded. For example, in November 2008 two business leaders of the Chamber’s Strategic Compensation Task Force published an article in the *Austin Business Journal* urging their colleagues to join them in supporting REACH. They pointed out how the collaborative effort undergirding REACH had coupled best practices from the private sector with possibilities for application in the public sector in support of new incentives for teachers and principals aimed at raising student achievement. Business principles they saw reflected in REACH included (1) matching expectations for new levels of performance by new investment in staff capacity to reach these expectations, (2) linking an individual’s performance to his or her compensation, and (3) being proactive about identifying emerging trends and developing solutions. In the case of REACH, the challenge was to address the competition for strong teachers in one of the country’s most competitive job markets. The two business leaders noted that they had learned that teachers were not opposed to seeing their pay linked to results, but objected to the use of simplistic measures that do not fully capture what teachers contribute to students’ growth in learning. Thus the business leaders praised REACH’s focus on measuring student growth using multiple measures that teachers themselves help select and develop.

In 2009 the chair of the Chamber task force joined with the president of Education Austin to urge, through a local newspaper column, the AISD Trustees to “stay the course with

REACH.” In the name of their groups, they applauded the Trustees for seeking an outside efficiency study the year before when facing a budget deficit in the district, and they noted that the study provided some useful ideas for cost savings. They questioned, however, the wisdom of the suggestion that money could be saved by cutting the REACH program. They pointed out that REACH was only half-way through the pilot phase and was showing promising results in both internal and external evaluations. They urged the district to continue supporting the pilot and evaluating its results.

The Chamber has also sought to keep AISD focused on the district’s larger strategic objectives and the need to link the compensation initiative to them. From 2005 to 2009 the business group published an annual Community Education Progress Report, informing the public about the district’s progress on a number of major indicators related to the Chamber’s career-and-college-going goals. Chamber members have sometimes criticized AISD for insufficient alignment among its activities. In this vein, the 2009 progress report recommended that, as they worked on a new five-year strategic plan, the “Trustees and administration should align the strategic compensation program with the district’s strategic plan and use strategic compensation methods to accelerate performance gains in areas including high school graduation, college readiness and direct-to-college enrollment.” Chamber members have encouraged district officials to keep asking important questions about their plan, such as how they will continue to incentivize teachers, how the schools will produce graduates who will be successful in commerce, and how the compensation plan can best contribute to meeting the needs of students, not just teachers.

As the AISD pilot entered its fourth and final year, the Chamber supported the district’s 2010 successful effort to win a \$62 million grant from the federal Teacher Incentive Fund. The multi-year grant will allow the district to include 43 schools in REACH and involve many more of its high-need schools. Since a district’s ability to sustain the program after the grant expires is an important consideration in selecting winners, AISD’s bid was enhanced by the support voiced by groups such as Education Austin and the Chamber. In a letter to U.S. Secretary of Education Arne Duncan, the Chamber’s senior vice president for education and talent development endorsed AISD’s application on behalf of his 2,200 employer members. He noted that Chamber members had made important recommendations which have been incorporated into the AISD pilot and praised the district for evaluating the success of its initiative and areas for improvement. He also pointed out that, “[l]ike most company strategic compensation initiatives, REACH has created the types of positive disruptions in data systems, evaluation systems, assessment systems, professional development, hiring and team-building one would expect.”

Final Thoughts

A frequently-mentioned phrase in documents and conversations