Recognizing and Rewarding Great Teaching: Act 1 Sustainability Training

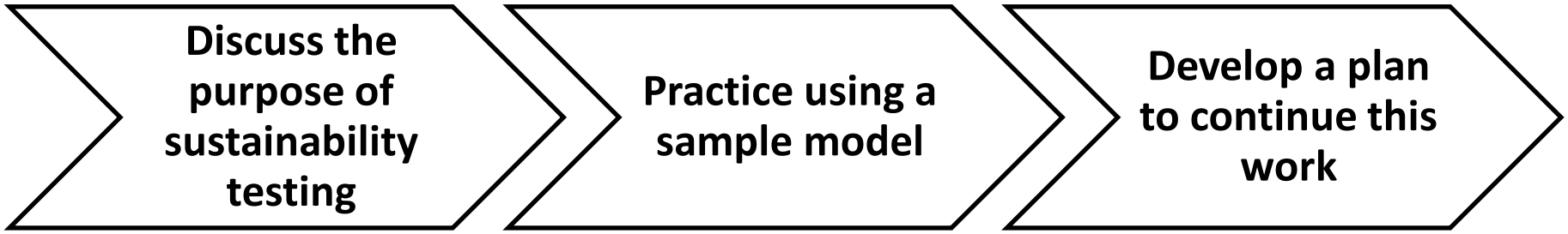
December 2012

LOUISIANA DEPARTMENT OF EDUCATION

What will we do today?

- **Prepare** to test your new teacher compensation model for budget sustainability by making data-driven assumptions about the future state of your teaching force and budget
- **Practice** using a sample sustainability model

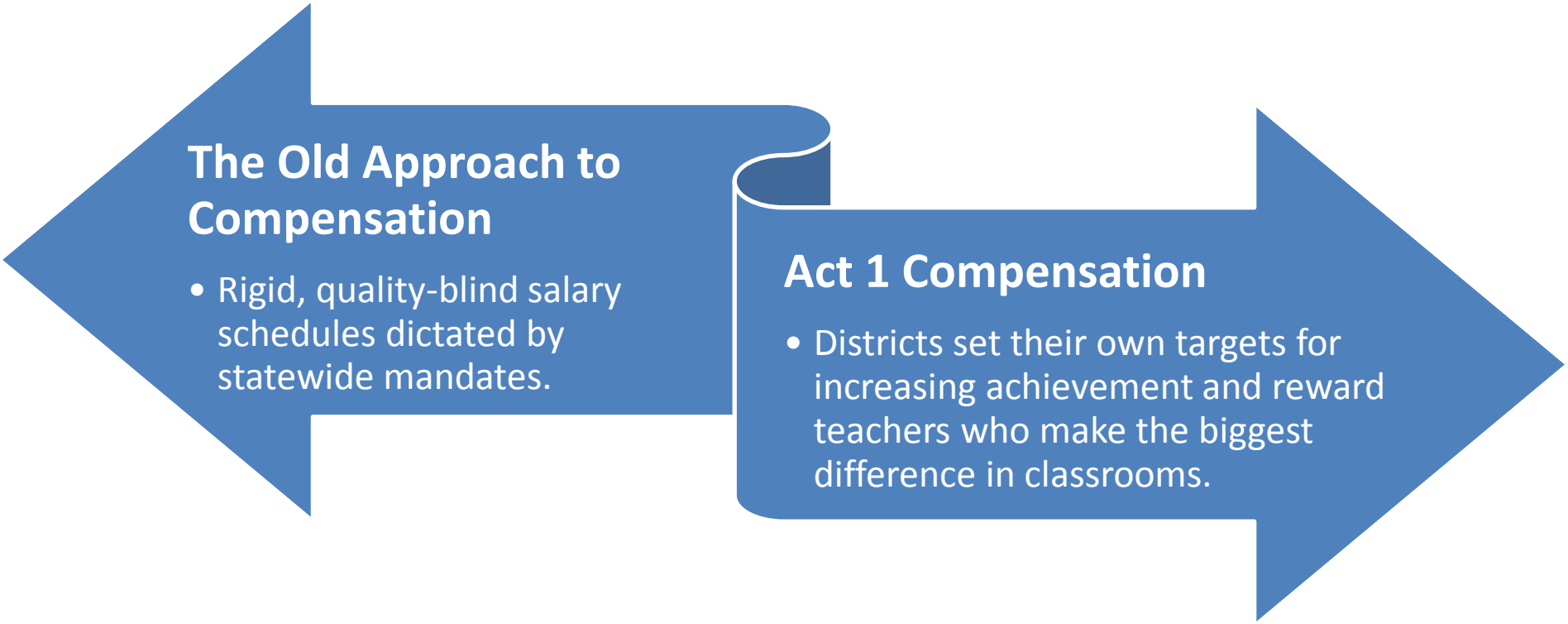
How we will spend our time?



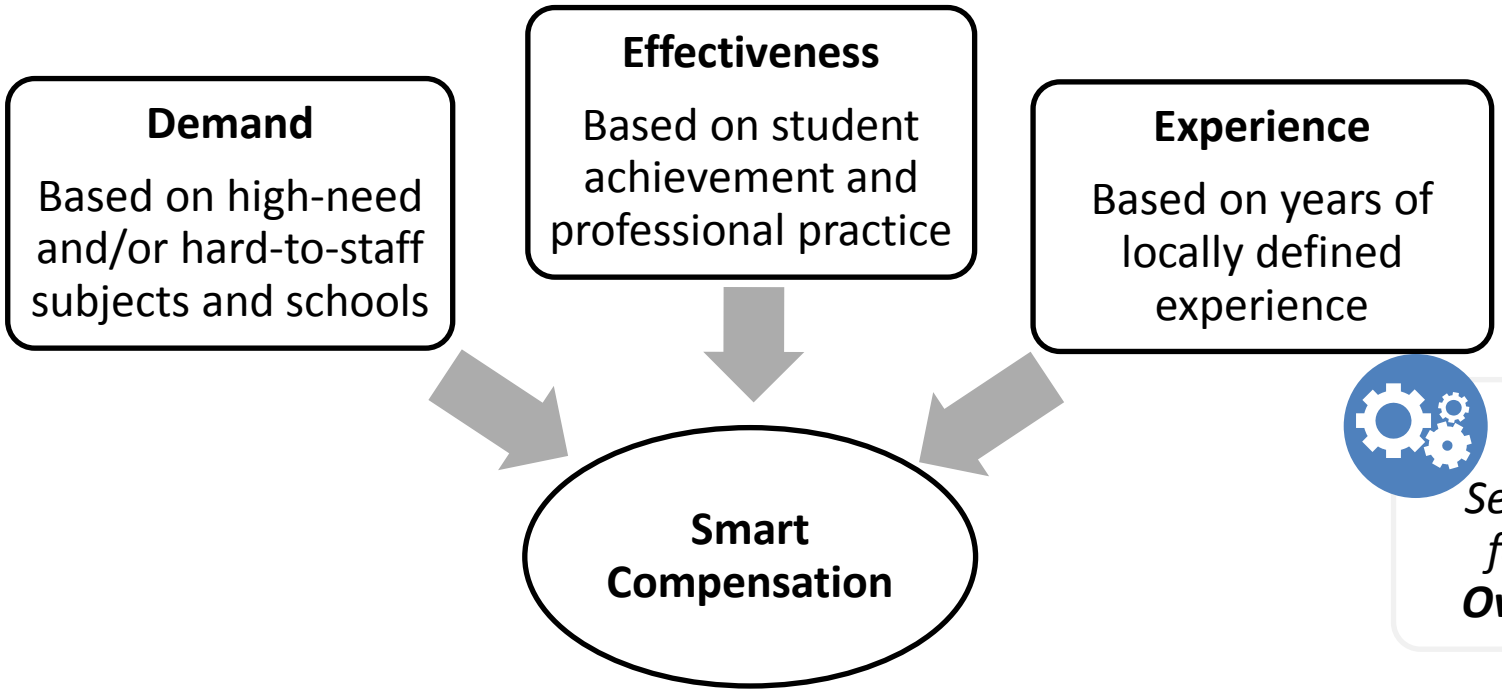
TOPIC	TIME
Discuss the purpose of sustainability testing	10 min
Identify data needed for sustainability testing and prepare to make assumptions about the future state of your teaching force	30 min
Practice with a sample sustainability model	40 min
Questions and next steps	10 min

If *Louisiana Believes* that all students can achieve, then we have to believe in the adults who work with them.

With Act 1 of 2012 in place, districts have the flexibility to design compensation systems that respond to local school needs, allowing them to recruit, reward and retain effective, in-demand teachers.



Act 1 allows districts to design compensation systems that recruit, recognize, and retain effective teachers.



*See attachments for **Legislative Overview Memo***

MINIMAL ACT 1 REQUIREMENTS:

- None of the three criterion above can account for more than 50% of the salary formula.
- Teachers or administrators who receive an "Ineffective" Compass rating do not receive a higher salary in the year following the evaluation.
- Any current teacher's or certified school employee's salary can not be reduced below the salary amount for the previous school year or at any time during a school year.

Agenda

- **Discuss the purpose of sustainability testing**
- Identify data and prepare to make assumptions about the future state of your teaching force
- Practice with a sample sustainability model
- Questions and next steps

Today we'll discuss the purpose of testing for sustainability and how to do it.

We will prepare you to run multiple simulations to assess the likelihood that your plan falls within your budget

*See attachments for **Sustainability template** and **instructions***

Tab: Within Budget Summary

	A	C
1		
2	Year	Within Salary Budget
3	2013-2014	**YES**
4	2014-2015	**YES**
5	2015-2016	**YES**
6		
7		
8	Year	Salary Cost
9	2013-2014	**$511,052**
10	2014-2015	**$512,708**
11	2015-2016	**$510,634**
12		

What is sustainability training?

Sustainability testing allows you to simulate your compensation model against budget scenarios over time.

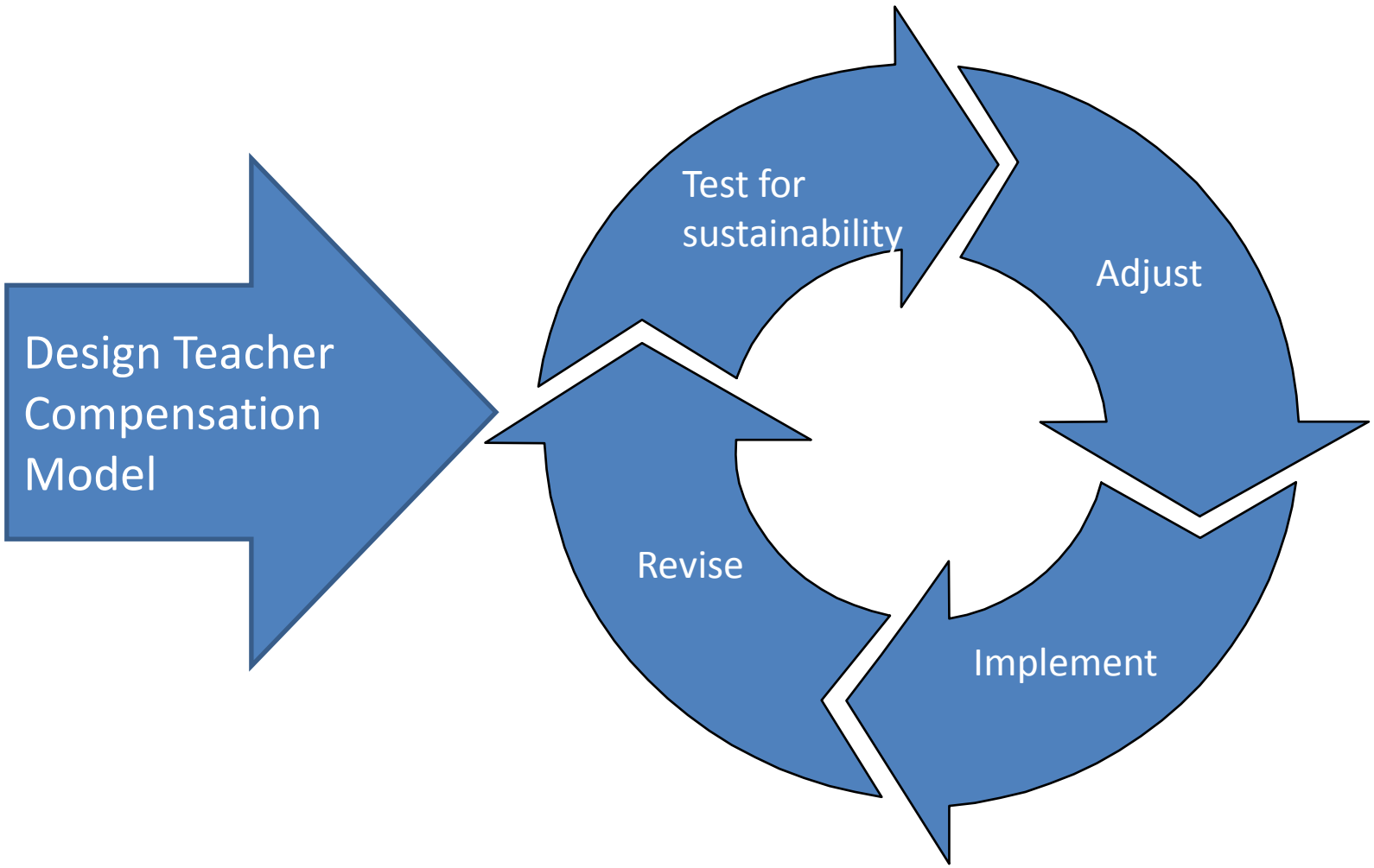
- Tells how likely your plan is to be within budget over time based on the workforce and budget assumptions in your model.
- Unlike static compensation models, sustainability testing accounts for the uncertainty and randomness in making projections about future workforce and budgets.
- If models are found to be unsustainable, districts can adjust their compensation models and retest

To do this, you'll use the same data and assumptions used to develop your compensation model.

In order to do run a simulation, we need to:

1) Understand the current and past performance, attrition, and hiring patterns
2) Use those patterns to make assumptions about what will happen in the future
3) Run simulations that use those assumptions to see how likely it is that your compensation model will perform within your budget
4) Adjust the compensation plan if needed

Compensation design and sustainability testing is not a one-time activity, but a cycle.



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Sustainability testing will require assumptions about your workforce so that you can simulate your future costs.

Data you will need	Assumptions you will need to make
Teacher effectiveness data	What will your teacher effectiveness distribution look like in the future?
Teacher retirement and attrition data	What will the rate of teacher retirements and teacher attrition look like?
New hire data	Who will you hire to replace teachers who retire or resign? Where would they land on your new compensation model (e.g., what will be their starting salary)?
Teacher compensation budget	What percentage of teachers will meet your demand criteria? What do you think your teacher compensation budget will be over the next three years? What do student enrollment trends look like?

*See attachments for **Data Request** and **Sustainability Assumptions***

Let's practice making assumptions about your future teaching force.

Imagine that you have examined your district's value added data and you expect your teacher Compass rating distribution to look like this at the end of the 2012-2013 school year:

- 25% of teachers rated Highly Effective
- 50% of teachers rated Effective: Proficient
- 20% of teachers rated Effective: Emerging
- 5% of teachers rated Ineffective

What do you predict will happen next year?

1. In general, what do you think will happen to ratings next year? Why do you think that will happen?
2. How likely is it that an HE teacher will receive the following rating in the next school year:
    1. Highly Effective
    2. Effective: Proficient
    3. Effective: Emerging
    4. Ineffective

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First, input the compensation model you want to test for sustainability.

	A	B	C	D	E
2					
3	**Enter District Starting Salary:**	$46,100			
4					
5	**Enter Pay Increase Amounts:**				
6	Category Number	Name	Effectiveness	Experience	Demand 1
7	1	Ineffective	$0	$0	$0
8	2	Emerging (1st Year)	$50	$50	$0
9	3	Emerging (2nd Year)	$50	$50	$0
10	4	Emerging (3rd Year)	$50	$50	$0
11	5	Proficient (1st Year)	$250	$250	$0
12	6	Proficient (2nd Year)	$250	$250	$0
13	7	Proficient (3rd Year)	$250	$250	$0
14	8	Highly Effective (1st Year)	$400	$400	$0
15	9	Highly Effective (2nd Year)	$400	$400	$0
16	10	Highly Effective (3rd Year)	$400	$400	$0
17					
18	**Enter Pay Increase Types:**				
19	Category Number	Name	Effectiveness	Experience	Demand 1
20	1	Ineffective			
21	2	Emerging (1st Year)	Base Increase	Base Increase	Base Increase
22	3	Emerging (2nd Year)	Base Increase	Base Increase	Base Increase
23	4	Emerging (3rd Year)	Base Increase	Base Increase	Base Increase
24	5	Proficient (1st Year)	Base Increase	Base Increase	Base Increase
25	6	Proficient (2nd Year)	Base Increase	Base Increase	Base Increase
26	7	Proficient (3rd Year)	Base Increase	Base Increase	Base Increase
27	8	Highly Effective (1st Year)	Base Increase	Base Increase	Base Increase
28	9	Highly Effective (2nd Year)	Base Increase	Base Increase	Base Increase
29	10	Highly Effective (3rd Year)	Base Increase	Base Increase	Base Increase
30					
31	**Enter Salary Caps:**				
32	Max Salary Emerging	$75,000			
33	Max Salary Proficient	$75,000			
34	Max Salary Highly Effective	$75,000			
35					

Rating Probabilities | Attrition Probabilities | Demand Component Probability | Inpu

You can use this worksheet to represent a steps and lanes model by:

1) Make the "Effectiveness" field represent the differential teachers are paid in various lanes.
2) Make the "Experience" field represent the yearly step increase that teachers receive; input the same increase for each year at a rating.
3) Effectively remove the salary cap feature by setting it so high it will not be met ($150,000 is safe)
4) Make all increases base building

Second, input your assumptions about your future teaching force and your compensation budget.

- This sustainability model simulates random compensation scenarios based on assumptions about your workforce
- For example, if you expect that 30% of your teachers will meet the demand criteria, the sustainability model will statistically generate different scenarios for which teachers meet the criteria and how that will affect your budget

How:

- Click on each of the three "Probabilities," tabs and the budget tab
- Use your district's historical data to predict the probability that teachers will meet the criteria described and your budget
- ***Note:*** **If your district is not using Demand criteria, enter 0%.**

	A	B
1	USERS ENTER VALUES IN GREEN CELLS ONLY	
2		
3	Demand Criteria	% of Teachers Meeting
4	Demand 1	10%
5	Demand 2	10%
6	Demand 3	10%
7		

Finally, run simulations to see if your expenditures are within budget.

Predicting sustainability:

- What percentage of your simulations are within budget?
- In general, compensation plans that are within the salary budget 90% of the time over 1,000 trials may be considered sustainable.
- If your simulations are over budget, you will need to make adjustments.

How:

1) Press F9 to see one simulation. It will tell you if your compensation plan is within budget.
2) Manually record the result.
3) Run the simulation between 50 and 1,000 times to feel confident in the results.

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How to align costs and budget if sustainability testing shows your system to exceed available funds

Ways to adjust and lower costs include:

- Decreasing annual compensation increases through base salaries or one-time stipends
- Shifting base salary increases to one-time stipends
- Adjusting the model's progression so that base salary increases are delayed
- Lowering base salary caps

Alternately, if you find that you won't need to use all of the money available for teacher compensation in a single budget year, you may choose to build a teacher compensation fund to ensure sustainability in future years.

Circumstances where a teacher compensation fund might be useful:

- Years with fewer retirements or a decreased overall budget
- Years when consistently effective performance may lead to large salary leaps for many teachers

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Next steps

- Please continue to utilize compensation materials and resources, including one-on-one support.
- Reach out for feedback during the design process.
- Complete a satisfaction survey that you'll receive via email.

The Department will support your work to design and adopt compensation plans that meet local priorities and satisfy the requirements of Act 1.

The LDOE will continue to provide:

- Ongoing support, individual consultation, and feedback in order to ensure that all decisions support the State's efforts to increase rigor and improve educational outcomes for every student in Louisiana.
- Future support sessions if desired
- Please contact Gary Jones (gary.jones@la.gov) for general support.
- If you have questions about the compensation models, please email act1@la.gov. We will connect you with TNTP for one-on-one support.

Appendix

FAQ: How do I predict teachers' Compass ratings?

Consider

1. **Examining your value-added data:** Consider examining VAM data and extrapolating for an overall district effectiveness distribution prediction

2. **Looking at HCIS or evaluation tracking tools:** Report on your initial observation data to determine effectiveness trends early on in the school year

3. **Asking your principals:** Survey principals on early evaluation ratings in their schools