Merit pay and pay for performance are both terms that generally describe a system that uses evaluations in order to determine teachers’ salaries. Merit pay is intended to:

- Reward teachers who are more effective (meaning their students score higher on standardized testing)
- Increase competition among teachers
- Increase student scores on standardized testing
- Create a measurable evaluation of teachers

In the 2013-2014 Session, the General Assembly passed the **Excellent Schools Act of 2013**, which established:

- Plans to implement a system of merit pay for North Carolina teachers.
- A commitment to “a robust evaluation instrument” and further assessments of teachers.
- A specific focus on student growth as a factor for teacher evaluation.i

**What about the popular system of evaluation, VAM?**

One of most popular systems of evaluation, or the “value-added method” (VAM), uses a statistical model that weighs student tests scores and values of teacher performance. The values used to evaluate teacher performance are often unclear, such as “Shared Attribution,” and are apt to change based on where VAM is implemented.ii

In a recent report, the American Statistical Association heavily criticized the VAM system. Their concerns included:

- VAMs do not directly evaluate teacher contributions to student learning.
- VAMs “measure correlation, not causation.” Many factors are missing from the model that would serve as other major indicators of teacher effectiveness and excellency, like:
  - Encouraging and fostering student creativity
  - Helping colleagues improve their instruction
- “Ranking teachers by their VAM scores can have unintended consequences that reduce quality.”iii

North Carolina proponents of merit pay support using a specific value-added modeling system called **EVAAS**. Similar concerns have been raised by recent research:

- Developers have not made EVAAS available to external statisticians for peer review.
- EVAAS uses longitudinal analyses, which require data for each student every year for the duration of their education. Often students are missing certain data points from different years, whether from moving school districts or from a change in standardized testing. These missing data points can skew results and make teachers look less effective because some of their students’ growth cannot be evaluated.
- Student risk factors, like race and poverty, are not incorporated into the model.iv
What are some other concerns about merit pay?

- **Measurement Effectiveness:**
  - Research from the [American Educational Research Association](https://www.aera.net) has stated that “there are very weak associations of content alignment with student achievement gains and no associations with the composite measure of effective teaching.”
  
  - Scholars convened by the [Economic Policy Institute](https://www.epi.org) have demonstrated that testing, as mandated by No Child Left Behind, only measures grade-level standards, which do not measure knowledge on a continuum. This kind of testing paints an unrealistic picture of a student’s progress and a specific teacher’s effectiveness: “a student’s success [or failure] may be attributed to the eighth grade teacher even if it is largely a function of instruction received from his seventh grade teacher.”
  
  - The same report cited researchers at [Mathematica Policy Research](https://www.mathematica.org) who found that even data collected on teachers over a three-year period lends itself to significant error: “in a typical performance measurement system, more than one in four teachers who are in fact teachers of average quality would be misclassified as either outstanding or poor teachers.”

- **Effect on Teachers:** In a recent study conducted by UNC-Wilmington, researchers found that less than 10% of NC teachers “agreed that performance-based pay would incentivize teachers to work more effectively,” attract and retain teachers, or improve student learning. Some other findings:
  - 89% of NC teachers thought merit pay would disrupt collaboration in teaching.
  - Only 1% of NC teachers agreed that pay for performance would positively impact teacher morale, retention, or quality.

- **Testing Ethics:** The [North Carolina Testing Code of Ethics](https://www.nctc.org) strongly opposes relying on high-stakes testing as an indicator of student growth, performance or teacher effectiveness: “standardized tests provide only one valuable piece of information…such information should be used in conjunction with all other available information.”

- **Detracting from Education:** The process of implementing merit-based pay systems require even more high-stakes testing that will detract from teaching other important skills and knowledge. A well-known developmental psychologist, Gerald Bracey, argued that standardized tests failed to hit crucial benchmarks in a child’s educational achievement, such as:
  - Creativity
  - Critical Thinking
For these reasons, many policy experts and educators advocate for pay differentials based on teacher leadership, mentorship, and efforts to go above and beyond classroom duties to benefit the entire school community.

**Is there any room for a value-added system in education?**

While there are some concerns about solely using a VAM system to determine teacher pay and effectiveness, notable economists, like Raj Chetty, have shown that value-added data can provide useful information for educators and parents.

In a study published in 2011, Chetty, among other economists, concluded that: “existing value-added measures are informative about teachers’ long-term impacts…[however] while these calculations show that good teachers have great value, they do not by themselves have implications for optimal teacher salaries or merit pay policies.”

**Source: Please see our website for more research, citations and information on this topic.**

*Last Revised: June 10, 2014*

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7 Megan M. Oakes and Janna Siegel Robertson, “North Carolina Public School Teachers: Reactions to Teacher Evaluations and Merit Pay,” May 2014.