



July 17, 2011

# New York City Abandons Teacher Bonus Program

By SHARON OTTERMAN

A New York City program that distributed \$56 million in performance bonuses to teachers and other school staff members over the last three years will be permanently discontinued, the city [Department of Education](#) said on Sunday.

The decision was made in light of a study that found the bonuses had no positive effect on either student performance or teachers' attitudes toward their jobs.

The department had already [suspended the bonus program in January](#) amid tightening budgets and concerns about its effectiveness.

The study, commissioned by the city, is to be published Monday by the RAND Corporation, the public policy research institution. It compared the performance of the approximately 200 city schools that participated in the bonus program with that of a control group of schools.

Weighing surveys, interviews and statistics, the study found that the bonus program had no effect on students' test scores, on grades on the city's controversial A to F school report cards, or on the way teachers did their jobs.

"We did not find improvements in student achievement at any of the grade levels," said Julie A. Marsh, the report's lead researcher and a visiting professor at the University of Southern California. "A lot of the principals and teachers saw the bonuses as a recognition and reward, as icing on the cake. But it's not necessarily something that motivated them to change."

The results add to a growing body of evidence nationally that so-called pay-for-performance bonuses for teachers that consist only of financial incentives have no effect on student achievement, the researchers wrote. Even so, federal education policy champions the concept, and spending on performance-based pay for teachers grew to \$439 million nationally last year from \$99 million in 2006, the study said.

In New York, the bonus program operated on a schoolwide basis, not an individual-teacher level, as a result of an agreement between the [Education Department](#) and the teachers' union, the United Federation of Teachers.

Schools qualified for bonuses if they exceeded statistical targets based on their performance on the school report cards. Each school that won created a committee of teachers and administrators to determine how to distribute the money.

The study found that most schools decided to distribute the bonuses equally to all staff members, amounting to about \$3,000 per teacher. But even at schools where the committee rewarded some teachers more than others, no effect on student performance was discerned.

The researchers hypothesized that one reason for the failure of the program might have been that all city schools are already under heavy pressure to raise student test scores, or else face sanctions, including closing. In that environment, a small bonus — which could total \$1,500 per teacher after taxes — might not have been significant.

Teachers also reported that improving as teachers and seeing their students learn were bigger motivators than a bonus, Dr. Marsh said.

Then, too, some staff members viewed the program as unfair because it relied too heavily on test scores, and others said they did not understand how the awards were determined.

Roughly one-third of the money for the bonuses came from private donations, and the rest from taxpayer funds. In the 2008-9 school year, more than 80 percent of participating schools won bonuses, costing the city \$31 million. In 2009-10, less than 15 percent of participating schools won, costing \$4 million, after the state made its elementary and middle school tests harder to pass.

City officials did not dispute the study results, but they said they did not believe the money was wasted, and indicated that they would continue to seek a merit pay model that worked.

“In January, we suspended this program out of concern about its effectiveness,” said Barbara Morgan, a spokeswoman for the Education Department.

“This study confirms that was the right decision, and provides us with important information as we continue to think about compensation models that differentiate among the performance of our teachers.”