

# Do performance-based incentives work for teachers?

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Are current performance-based incentives an accurate and reliable means of improving teacher performance and evaluation in the United States? More specifically, will IMPACT, which is the District of Columbia Public Schools (DCPS) teacher performance assessment and compensation system, result in better student performance and be the most fair and practical way of rewarding higher performing teachers in our school systems?

Despite the critical impact U.S. public school teachers have on the academic and personal development of students, most jurisdictions do not use a teacher-evaluation system designed to reward teacher performance. Currently, most teachers are compensated solely on the basis of experience and educational credentials; however, experience and credentials may reveal little about teacher performance and quality. In an effort to correct the ineffectiveness of current teacher-compensation systems, some states have tested the impact of performance-based teaching evaluations and rewards on teacher performance and student achievement.

In [“Incentives, selection, and teacher, performance: evidence from IMPACT,”](#) National Bureau of Economic Research working paper 19529 published in October 2013, authors Thomas Dee and James Wyckoff analyze findings from IMPACT, the pay-for-performance system implemented in the 2009–2010 academic year by then-Chancellor Michelle Rhee. IMPACT, which attempts to provide definitive measures of teacher performance, classifies teachers as highly effective, effective, minimally effective, or ineffective. Teachers rated as highly effective are rewarded with significant one-time bonuses of as much as \$25,000 as well as a boost in base pay of up to \$27,000, and teachers found ineffective or at the lower tier of effectiveness risk dismissal.

Though IMPACT is not an original endeavor, as smaller-scale teacher evaluation and compensation experiments have been implemented elsewhere, IMPACT uses a multidimensional measure of teacher performance that takes into account student test scores, several classroom observations of the teacher’s effectiveness, and the teacher’s professionalism. Moreover, IMPACT provides professional support, training, and incentives to improve teacher performance.

Evidence suggests that IMPACT improved the composition of the DCPS teacher workforce, both by encouraging the voluntary attrition of low-performing teachers by more than 50 percent and improving the performance of those high-performing teachers who remained at their current positions. Not surprisingly, the largest positive effect was among teachers who were on the margins of a rating group; improving their performance had a clear value in terms of retaining their job or receiving additional compensation for highly effective work.