



Center for  
Educator Compensation  
Reform

# Principal Compensation and Performance Incentives

*Guide to Implementation:  
Resources for Applied Practice*

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# Principal Compensation and Performance Incentives

A complete performance incentive program for a school or a school district will include means for considering and rewarding the contribution of the school principal. More than any other single individual, the success, or lack thereof, of a school is likely to be attributable to its chief executive. It is the principal who plays a primary role in shaping the culture, evaluating performance, communicating with parents and other members of the outside community, and in general sets the tone for the school's day-to-day and long-run operation.

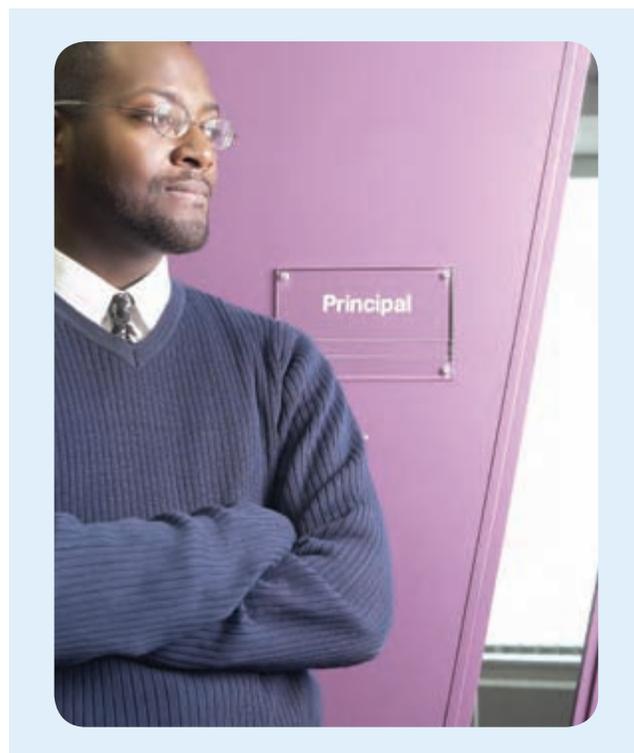
If one primary objective of a performance-based compensation system is to motivate virtually everyone in a school to contribute to elevated student performance, it would be a significant oversight to omit a principal or other school leaders. However, it is difficult to specify the precise leadership behavior of a productive principal because the research base on specific principal behaviors associated with increased student learning is still growing. This module will not focus on the empirical challenges to developing measures of principal effectiveness and their accompanying reward systems, but rather will focus on what is known and will provide guidance on those issues upon which there is agreement.

What is conventionally put forward is that a successful principal has a vision of what the school is supposed to be like, is highly selective of staff, has the ability to motivate teachers and other employees, engages the community, is collegial in interacting with peers and employees, and is ethical in interaction with others. All of these are fine, but many principals of otherwise failing schools exhibit all of these attributes. To lead truly successful schools apparently requires something in addition to these characteristics.

Does such uncertainty dictate inaction? No! Any reasonable and experienced individual understands that a good principal is crucial in the calculus of

a successful school. It is altogether appropriate to include the leader of a school in a pay-for-performance reward system.

While this module does recognize some of the inherent difficulties in measuring principal performance and designing incentive systems upon these measures, the purpose of this article is to illustrate and describe means by which decisionmakers can weave principal pay-for-performance into their efforts to enhance the incentive systems of schools and districts. However, there is a caveat.



## The Overriding Principle of Rationality

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Due to the extreme importance of the principal in the success of the school, and the importance of developing a system that both measures and rewards principal excellence, it is crucial that school districts engage key stakeholders in both the conceptualization and implementation of these plans. This deliberation process is important because it is imperative that the district have an explicit rationale for the decisions made. At a minimum, the district should come out of these deliberations with the ability to logically justify its decisions around the measures used for evaluating and rewarding principal behaviors and outcomes. More simply put, whatever the dimensions selected for principal reward, the evaluation process must ensure that the dimensions have an explicit and logical link to what the school and its students are expected to do. This rationale is simply another way in which a district's overall performance reward program can be made transparent.

Organizations, particularly private-sector organizations, routinely reward leaders, even when there is no precise empirical basis for linking the details of their leadership actions to organizational outcomes. The assumption is comfortably made that leaders matter. Consequently, when companies make profits off the labor of their employees, workforce personnel, creative staff, technology inventors, or others, they provide bonuses to managers and executives.

This module addresses the following specific issues:

1. What design issues should districts consider when constructing performance-based awards for school leaders?
2. What measures of principal effectiveness and productivity should districts consider in designing award systems?

*Performance-based compensation systems for principals should consider the use of multiple performance indicators that are closely aligned with strategic goals.*

## Design Issues That States and Districts Should Consider When Constructing Performance-Based Awards for School Leaders

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Early attempts to develop alternative compensation models for principals suggest that the following design issues require careful consideration.

### *Consideration 1*

*School leaders should be eligible to earn additional compensation in a variety of ways that are strategically aligned to state, district, and school goals.*

Successful leadership performance is multi-dimensional. Therefore, it is important to consider the measurement and reward of a broad array of leadership activities. This must be done in a purposeful way that links the incentive system to the overall mission and goals of the school and district. When jobs are complex and comprise multiple tasks, only some of which are explicitly aligned with the compensation system, employees generally direct their efforts toward those tasks that are rewarded.<sup>1</sup> Within such a context, one must base awards on multiple criteria, not on a narrow set of tasks, in order to ensure that the broad base of actions required of the individual is encouraged and rewarded. Thus, performance-based compensation systems for principals should consider the use of multiple

performance indicators that are closely aligned with the state's, district's, and school's strategic goals. This is one safeguard to ensure that the compensation system is one part of a much larger coordinated strategy for improving teaching and learning.

### *Consideration 2*

***Dollar amounts for principal bonuses should be consistent with financial awards for teachers.***

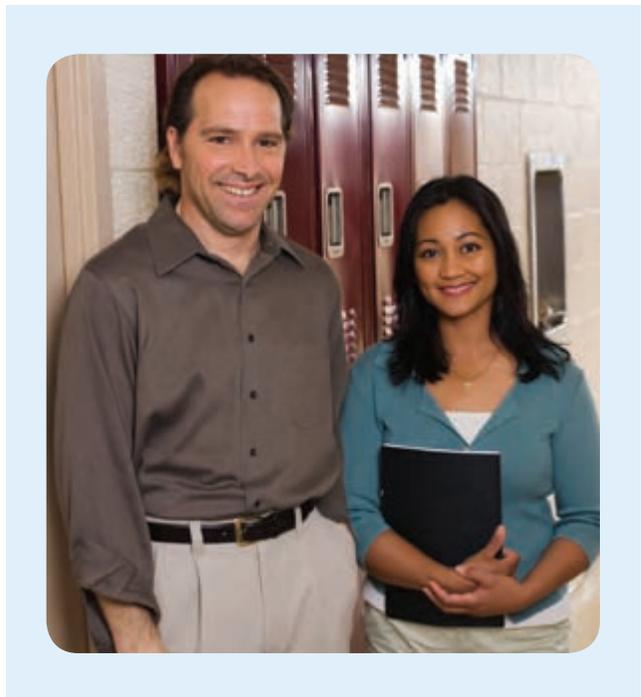
To ensure that performance-based pay systems operate as intended, some researchers recommend a set percentage of the base salary, while others insist that there is not currently enough evidence to determine how big the incentive should be.<sup>2</sup> While the size of bonuses is an important consideration, so are the relative amounts that various members of a school community receive. For example, during the 2006-2007 school year, 83 percent of the principals in Houston received bonuses, compared to only 58 percent of the teachers.<sup>3</sup> The structure of Houston's performance-based compensation system contributed to the disparity in percentages because principals and assistant principals received awards if any teachers at their schools earned a bonus.

But the difference in the size of teacher and administrator bonuses — specifically, the differences in dollar amounts when compared to percentage of base salary — presented an even bigger problem. The average teacher bonus was equal to 4 percent of base salary, while the average principal bonus was equal to 6 percent of base salary. At the highest levels of district administration, bonuses were equal to as much as 22 percent of base salary. This disparity caused considerable friction between teachers and administrator groups within the district. Therefore, while dollar amounts may vary between teachers and administrators, the percentage of base salary represented by the awards should be used as a means for ensuring equity.

### *Consideration 3*

***Decisions about the design and implementation of a new principal pay system should be the responsibility of a representative compensation committee.***

Creating an alternative compensation system for administrators requires a series of design decisions, such as whether to award individuals or teams, whether to award both principals and assistant principals, and whether to make the program voluntary or mandatory. All design decisions are best made by a compensation committee that includes both school- and district-level administrators, as well as teachers. Some schools will only have one administrator, so these decisions will be less difficult. In schools with multiple administrators, districts must consider how all members of the administrative team will be included in the compensation system. If leadership functions are distributed across multiple individuals, districts must pay special attention to the ways in which these individuals and teams will be assessed.





*Teachers and parents, particularly, should understand the bases on which principals are eligible for rewards; they may be able to see better the link between what the principal does and what he or she is hoping to accomplish.*

### *Consideration 4*

***Reward arrangements for principals should be transparently obvious not only to the individuals in this leadership position but also to others with whom principals routinely interact.***

Teachers and parents, particularly, should understand the bases on which principals are eligible for rewards. In this way, in the most positive instances, teachers and parents may be able to see better the link between what the principal does and what he or she is hoping to accomplish. Under less positive circumstances, teachers at a minimum may come to understand with greater precision and comprehension what it is that the school district believes is important for their school to accomplish. In effect, when properly stated, the reward criteria for principals offer another opportunity to make goals explicit to all of those engaged in the school.

## Common Approaches to Principal Compensation in States and Districts

States and districts operating pay-for-performance systems tend to use one or more of the following criteria to determine principal compensation:

1. The school or organization achieves predetermined and specified outcomes.
2. The individual leader increases his or her knowledge and skills through professional development.
3. The individual principal takes on additional roles and responsibilities.
4. Evaluations of principal performance indicate that the individual has demonstrated evidence of effective leadership.

These four criteria represent a diverse array of perspectives on principal performance and allow a combination of appropriate measures to serve as the basis for compensation decisions. As more states and districts develop the capacity to use value-added modeling to determine the impact that educators have upon student achievement, it will be possible to supplement the list. However, developments or refinements will likely be within-category, not necessarily resulting in the addition of a new category.

1. Additional compensation if the school or organization achieves predetermined and specified outcomes

Many principal compensation systems include some measure of student performance, such as AYP measures, district and state report cards, or student gains on district, state, and school-based assessments. One important caution about using student scores to determine principal bonuses is that unless a value-added approach is used

to measure the amount of student learning that occurs during the year (rather than simply measuring average levels of attainment or proficiency at the end of the year), it is difficult to assess the contribution made by school leaders. Without the controls that are possible through value-added modeling, leaders of more affluent schools could be unfairly rewarded simply because these schools tend to attract more experienced, qualified teachers, and levels of student achievement are already high. In addition to standardized test scores, districts can use many other school-level indicators to measure leader performance, such as teacher retention rates, student course completion and high school completion rates, college-readiness statistics, and levels of teacher and parent satisfaction.

*Example:* The Principal Incentive Program in Pittsburgh will reward principals up to \$8,000 annually based on gains in student achievement on state-required tests and an additional \$2,000 for meeting the goals in their “school plans for excellence.” (School leaders in Pittsburgh can also earn up to \$2,000 for meeting recognized leadership standards and for taking on additional responsibilities.)<sup>4</sup>

## 2. Additional compensation if the individual leader increases his or her knowledge and skills through professional development

Another method of rewarding principals is by establishing professional development targets and rewarding principals for taking professional development courses. Such skills form the basis of the rubrics discussed in the evaluation section in #4 below. When this method of compensation is used, the professional development should be carefully aligned with the skills that research demonstrates—and that educational stakeholders in the district or state believe — are associated with gains in student achievement.

*Example:* One component of the principal performance incentive plan in Charlotte-Mecklenburg, North Carolina, is that principals who participate in relevant professional development receive a stipend of \$115 per day. Stipends are awarded only if the professional development is approved by the program and considered to be directly related to student achievement and the goals of the district’s LEAP initiative (Leadership for Educators’ Advanced Performance) to strengthen teacher and principal capacity in high-need schools.

## 3. Additional compensation if the individual leader takes on additional roles and responsibilities

Many districts reward teachers for assuming additional roles and responsibilities that will enhance the quality of instruction in their schools, such as mentoring or coaching other teachers. Administrator compensation systems, too, are often designed to reward principals for taking on additional roles and responsibilities, such as leading a high-poverty, low-performing school or serving as a mentor.



*In addition to standardized test scores, districts can use many other school-level indicators to measure leader performance.*

*Examples:* A portion of the potential \$12,000 in annual performance pay that school leaders can earn in Pittsburgh is earmarked for taking on additional responsibilities, such as mentoring prospective principals.<sup>5</sup> New York City offers bonuses of up to \$25,000 to principals who agree to lead some of the city’s highest need schools.<sup>6</sup> And in Palm Beach County, Florida, a component of the principal incentive plan rewards school leaders on a variety of school “complexity” measures, as well as for gains in student performance. This complexity pay calculates additional pay above the base salary for working in one of the district’s most challenging schools. Complexity pay is based on school size, the percentage of students who qualify for free or reduced-price lunch, and the number of community activities a school offers (e.g., athletic teams, dance and music programs, and academic clubs and activities, such as a debate team). Another factor that the district weighs when calculating principal pay is whether a middle or high school has a community school program that provides services to the community (such as English as a second language [ESL] classes).

**4. Additional compensation if evaluations of principal performance indicate that the individual has demonstrated evidence of effective leadership**

Among the most frequently used methods of assessing leadership effectiveness are performance evaluations conducted by the superintendent or another supervisor, teachers, or an external evaluator. Evidence of effective leadership is typically measured in the following ways:

- A. The principal achieves predetermined behavioral or professional goals;
- B. The principal achieves a favorable rating on a rubric-based assessment of leadership effectiveness; or
- C. The principal successfully completes a portfolio organized around a set of recognized professional standards.

*A. Rewarding a principal for achieving predetermined behavioral or professional goals.* This measure, which examines principal progress toward meeting district, school, and personal goals, highlights the importance of performance-based compensation systems that are closely aligned with broader district and school goals. The increasing emphasis on academic standards and accountability, for example, requires school leaders to focus on explicitly aligning various facets of the public education system (e.g., professional development, school finance, and school organization) with the goal of improving student achievement. Thus, one way to encourage leaders to align facets of the instructional program that directly affect teaching and learning is to establish benchmarks and goals for alignment that are linked to compensation decisions for principals.

*Examples:* Principals in Dallas are evaluated several times a year and rewarded for progress toward predetermined professional goals in eight areas:

1. instructional leadership
2. school climate
3. organizational structure and procedures
4. personnel management and professional ethics
5. fiscal/facility management
6. student management
7. professional growth and development
8. school and community relations

(Principals in Dallas can also earn rewards for completing professional development that meets rigorous content and instructional standards.)

As another example, the TIF programs in South Carolina and Chicago base a portion of principal rewards on the degree to which principals faithfully implement the Teacher Advancement Program (TAP) model. These predetermined activities and behaviors are measured by an external evaluation team through a quantitative and qualitative

review that attempts to determine how fully and effectively TAP is being implemented at the school site. The quantitative review measures practices and outcomes related to training, certification, and implementation of the four TAP elements. The qualitative section evaluates specific practices and outcomes within the TAP structure, such as cluster group operations and specific principal leadership activities.

*B. Rewarding a principal for high scores on a rubric-based assessment of leadership effectiveness.* The promulgation of rubrics by professional associations for examining what appears to be important for leaders to know and be able to do illustrates the degree to which rubrics are being used to assess principal effectiveness. Rating scales, or rubrics, should specify performance levels with enough detail to make it clear what behaviors are required to earn an outstanding rating. In addition, how evaluation scores translate into salary increases should be clear.

*Examples:* The Apache Junction Unified School District near Phoenix, Arizona, is an example of a district that uses rubric-based assessments to evaluate principal performance and determine compensation. Supervisors conduct administrator evaluations via formal and informal conversations with principals, scheduled conferences, formal observations, and job shadowing. Supervisors also weigh opinion and advice from teachers, parents, and students, as well as the principal's annual productivity report, when determining the principal's final evaluation score and monetary compensation.

As another example, the Ralston, Nebraska, school board has approved a new administrator performance-pay plan that will use detailed performance evaluations, as well as student academic growth, to determine principal raises.<sup>7</sup> A team of four evaluators will rate each school leader as exemplary, proficient, in need of improvement, or ineffective on 12 characteristics of vision, instruction, and

management. During the first year that the evaluation system is implemented, principals who earn mostly exemplary ratings will receive a 7 percent salary increase, those who earn mostly proficient ratings will receive a 4.5 percent raise, and those who are determined to be in need of improvement will receive a 2.5 percent raise. Principals who are judged to be ineffective will receive no raise. During the second year, student academic growth will be weighted more heavily, and salary increases based on performance evaluations will be slightly smaller, ranging from no raise for ineffective performance, to a 5 percent raise for exemplary performance. In addition to the evaluation-based pay increases, principals of schools demonstrating the greatest gains in student achievement will receive \$2,400 bonuses.

The following list presents brief descriptions of several widely used rubrics to assess principal effectiveness:

- The Interstate School Leaders Licensure Consortium (ISLLC) Standards.<sup>8</sup>  
This assessment comprises 184 elements that define the knowledge, skills, and dispositions needed by school leaders within six key domains of professional practice.
- A Framework for School Leaders: Linking Standards to Practice.<sup>9</sup>  
This tool includes rubrics for the six ISLLC standards and ties them together through four themes. The tool articulates four levels of performance for each standard and related theme.
- Assessing Educational Leaders.<sup>10</sup>  
This assessment includes 10 dimensions of leadership performance and provides rubrics to assess four levels of principal performance.

- The Balanced Leadership Profile.<sup>11</sup>  
The Balanced Leadership Profile is an online feedback tool designed to gather information about school leadership from various perspectives: an individual principal, the teachers working with the principal, and the principal's supervisor. With McREL's Balanced Leadership Profile, principals can benchmark their performance against 21 research-based responsibilities of highly effective instructional leaders.
- The Vanderbilt Assessment of Leadership in Education.<sup>12</sup>  
Supervisors, peers, and teachers use this multi-component assessment system to measure critical leadership behaviors of individuals and teams of educators. Instead of focusing on knowledge, skills, and personal characteristics, the assessment focuses on leadership behaviors defined by the intersection of six core components of school performance and six key leadership processes. This evaluation model is built on the understanding that leadership behaviors lead to changes in school conditions, which in turn lead to student success.

*C. Rewarding a principal for completing a portfolio along specified standards.* A principal portfolio is a self-assessment of attributes, skills, and results based on personal reflection and professional dialogue. Typically, administrator portfolios are organized around a set of recognized professional standards, include data pertinent to each standard, and propose a plan for professional development. If portfolios are used as one component of a principal evaluation system, those designing the evaluation system should:

- Clearly establish the purpose, goals, and desired products of the portfolio;
- Ensure that it is the principal, and not the portfolio, that is being evaluated;



*A principal portfolio is a self-assessment of attributes, skills, and results based on personal reflection and professional dialogue.*

- Develop rubrics for the evaluation of the portfolio; and
- Use training to assist evaluators in using the rubrics.

*Examples:* The Unified School District of Pomona, California, uses portfolios as a centerpiece in the evaluation of principals. The portfolio focuses assessment, goal development, and data collection activities on four dimensions of professional practice:

1. Student achievement;
2. School climate;
3. Personnel development; and
4. Management of resources.

A panel consisting of peers, a team of administrators from the district office, and the superintendent reviews the portfolios annually. Similarly, principals in Douglas County, Colorado, are able to earn performance bonuses for successfully completing school-year projects designed to improve student achievement. These projects, designed with suggestions from teachers and district office personnel, must include the collection and analysis of data.

## What Measures of Principal Effectiveness and Productivity Are TIF Grantees Using to Determine Principal Awards?

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As Appendix A illustrates, the majority of TIF grantees are rewarding principals based upon increased student achievement at the school level. This primary focus on student achievement gains fits within the overarching goals of the TIF program, one of which is to use financial incentives to motivate and reward educational professionals for increasing student learning. Grantees are also basing a portion of principal rewards on some form of principal evaluation, and are, in fact, required by statute to use evaluation as part of how rewards are determined. The rationale behind this approach is that certain principal behaviors are linked to student achievement and can be observed through some form of evaluation, whether it be through progress toward individual goals (e.g., Chicago and South Carolina), a rubric-based evaluation (e.g., Lake County, Florida, and Eagle County, Colorado), or a portfolio-based evaluation. As the appendix illustrates, the most frequently used form of evaluation is a rubric-based evaluation that identifies desired principal behaviors and measures the degree to which the leader demonstrates these behaviors.

While the methods used most often to determine principal compensation are collective student achievement growth and evaluations of principal behavior aligned with student achievement goals, the appendix illustrates a number of other ways that districts are measuring and rewarding principals. Cumberland County, North Carolina, and Harrison School District in Colorado, for example, are rewarding principals for completion of professional development that increases principal knowledge and

skills and focuses on strategies to improve student achievement. Districts that are basing a portion of principal compensation on the assumption of additional roles and responsibilities, such as Orange County, Florida, are doing so primarily to attract quality principals to hard-to-serve schools.

As both the appendix and the other examples presented in this module suggest, there are many measures that states, districts, and schools can use to determine performance-based pay for school leaders. Given the national diversity in programs, it falls upon each state, district, or school to determine what combination of measures is most appropriate for rewarding principals, based upon the particular context.

## Conclusions and Recommendations

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Although most policy discussions about educator compensation reform still focus on teachers, alternative compensation systems for principals are rapidly gaining the attention of education, business, and policy leaders. Performance-based pay systems that link principal compensation to student learning gains and other measures of effective leadership are of particular interest. The following lessons learned from early state and district efforts are offered to guide others who are contemplating similar changes in compensation systems for educators.

### *Plan Carefully*

Developing a principal performance incentive plan requires careful planning. A district should establish a representative compensation committee that involves all stakeholders in the development and implementation of the program. The district should also allow sufficient planning time prior to award distribution so that corrections can be made, if necessary.

When developing the incentive system, it is essential that the district link it to the overall mission and goals of the organization. Serving as a school leader is a complex job, one that requires decision and action in multiple domains. A degree of vertical alignment among a) district and school goals, b) the expectations placed on school leaders, and c) the manner in which leaders are evaluated and compensated is essential for enhancing the efficiency of school operations. One of the duties of the district's compensation committee should be to determine how many school leaders could potentially qualify for awards and the maximum award payouts, so that the district proactively anticipates the financial exposure of the bonuses and works to ensure the fiscal sustainability of the plan.

### *Determine Compensation Reward Structure*

There is not yet enough empirical evidence to identify an optimal reward system for school leaders. However, what is crucial is that:

- the principal compensation plan is meaningfully connected to existing district and school goals;
- the system is transparent and understandable to all stakeholders;
- the system sets goals that are rigorous but attainable; and
- the attainment of the goals will have a positive impact on teacher quality and student performance.

The committee should agree upon the size of rewards that will be offered by determining district needs and resources and by considering the relative amounts provided to teachers. Additional design decisions that must be made include a consideration of whether non-cash rewards will be offered, whether the system will be voluntary or mandatory,

and if principals will be allowed to opt out if they want to remain under the current pay system. Early attempts at educator compensation reform have found it beneficial to start with a small group of educators and schools in a pilot phase and then scale the initiative up across the district. One way to secure the cooperation of the pilot group is to allow administrators the opportunity to opt-in, or to make participation voluntary for educators and schools, at least initially.

### *Determine Which Performance Measures Will Be Used*

The compensation committee should determine the appropriate measures of student performance to be included in the administrator compensation system. The ultimate goals of educator compensation reform are to increase teacher and leader quality and enhance student performance. It is therefore important to link award determinations directly to these core goals. In so doing, the committee should decide upon the specific methods that the district will use to measure student achievement (e.g., value-added or gain scores) and the specific assessments that the district will use to measure student performance. This is a task that will require input from a broad base of constituents and a step that must be mindful of current district goals and data capacity. Once the measures are chosen and the manner in which the measures will be used has been determined, it is essential to decide how much weight to assign each of the components in the compensation system.

In order to enhance the transparency of the incentive system, the committee should also agree on the sources of information that will be used to evaluate the principal's performance over time. Examples may include: 1) evaluation by superintendent, 2) external evaluation, 3) evaluation by teachers, or 4) parent evaluation. At this point, the committee must identify evaluation tools that will be used

to measure each component of principal skill and behavior. Several examples of widely used evaluation instruments have been provided in this article. What a school or district must do is determine which instruments provide the most accurate assessment of the particular leadership behaviors to be targeted and rewarded in the compensation system.

Finally, the compensation committee must carefully determine how to weight the various components of the program. Because the job of leading a school is complex and involves many domains of activity, a district should use multiple measures of principal effectiveness and make sure that the relative weight of each of these measures is in alignment with expectations for leader effectiveness and award amounts.



*Because the job of leading a school is complex and involves many domains of activity, a district should use multiple measures of principal effectiveness.*

## *Communicate the Compensation Plan Clearly and Effectively*

A school district's accurate and timely communication of the principal compensation plan is crucial to the program's success. One important step is to specify performance levels with enough detail to make it clear what behaviors are required to earn the rating necessary for an award. Through these communications, principals should have a clear understanding of how evaluation scores translate into salary increases. This is a critical step in ensuring that the compensation system is transparent, and perceived as fair and meaningful, by principals and other key stakeholders.

In addition to principals, teachers and parents should also have a clear understanding of the bases upon which principals are eligible for rewards. This will ensure that all members of the school community understand the goals and awards established for effective leadership of their community schools and will highlight the commitment that the district is making to encourage and reward effective leadership and enhanced student performance.

Clearly, there are many factors that should be taken into consideration in the design and implementation of a principal compensation program. Although many questions still remain about the precise leadership behavior of a productive principal and how best to measure it, efforts across the nation to implement new forms of principal pay are already providing valuable lessons learned for other educational systems. Schools and districts that are implementing new principal pay systems are providing not only a range of design alternatives, but also opportunities to examine components of each system that have led to either successes or failures. This expanding knowledge base will help other schools and districts develop effective and sustainable compensation systems for the instructors and administrators in our Nation's schools.

## Appendix A:

Indicators TIF Grantees Are Using to Measure Principal Performance and Determine Administrator Reward

Grantee	Measures of Principal Performance					
	Professional Development	Performance Targets Met	Roles and Responsibilities	Evaluation		
	Principal Acquired Additional Knowledge and Skills	School Met Performance Targets	Principal Assumed Additional Roles and Responsibilities	Principal Received Favorable Evaluation on Rubric-Based Assessment of Leadership Skills	Principal Received Favorable Evaluation on Portfolio-Based Assessment of Leadership Skills	Principal Met Individual Professional Goals
Amphitheatre Unified School District #10 (Arizona)		SW		E		
Beggs School District #4 (Oklahoma)				T		
Center for Educational Innovation (10 NYC charter schools)		SW		E		
Charlotte-Mecklenburg Schools (North Carolina)	✓			E		
Chicago Public Schools		SW		E		
Chugach School District (Alaska)	✓			E		
Cumberland County Schools (North Carolina)	✓	SW		E		
Dallas Independent School District		SW				
D.C. Public Schools		SW				
Denver Public Schools		SW		E		
Eagle County School District (Colorado)		SW		E		
Edward W. Brooke Charter School (Boston)		SW				
Florence County School District Three (South Carolina)		SW		E		✓
Guilford County Schools (North Carolina)	✓	SW				
Harrison School District Two (Colorado)	✓	SW				
Hillsborough County Public Schools (Florida)		SW		E		
Houston Independent School District		SW				
Lake County Schools (Florida)		SW		E		
Lynwood Unified School District (California)		SW				

Grantee	Measures of Principal Performance					
	Professional Development	Performance Targets Met	Roles and Responsibilities	Evaluation		
	Principal Acquired Additional Knowledge and Skills	School Met Performance Targets	Principal Assumed Additional Roles and Responsibilities	Principal Received Favorable Evaluation on Rubric-Based Assessment of Leadership Skills	Principal Received Favorable Evaluation on Portfolio-Based Assessment of Leadership Skills	Principal Met Individual Professional Goals
Mare Island Technology Academy (Vallejo, California)		SW		E		
Memphis City Schools		SW		E		
Miami-Dade County Public Schools		SW				
New Leaders for New Schools Charter Schools Consortium (various states)		SW		E		
Northern New Mexico Network		SW		E		
Ohio Department of Education		SW				
Orange County Public Schools (Florida)		SW	✓	E, T		
Philadelphia School District		SW		E		
Pittsburgh Public Schools		SW		E		
Prince George's County Public Schools (Maryland)				E		
School of Excellence in Education (San Antonio)		SW, CL		E, T, P		
South Carolina Department of Education		SW		E		✓
South Dakota Department of Education		SW		E		
University of Texas System		SW		E		
Weld County School District (Colorado)	✓	SW		E		

SW = Based on schoolwide achievement gains

CL = Based on Classroom Level achievement gains

E = Principal's performance assessed by external evaluator or supervisor

T = Principal's performance assessed by teachers

P = Principal's performance assessed by parents

✓ Denotes component present in program

"Principal Met Individual Professional Goals" measure includes fidelity of TAP implementation

## End Notes

- <sup>1</sup> Holmstrom, B., & Milgram, P. (1991). Multitask principal agent analyses: Incentive contracts, asset ownership and job design. *Journal of Law, Economics and Organizations*, 7, 24-52.
- <sup>2</sup> Baron, J.N., & Kreps, D.M. (1999). *Strategic human resources: Frameworks for general managers*. New York: Wiley; Brandt, R.M. (1990). *Incentive pay and career ladders for today's teachers: A study of current programs and practices*. (SUNY Series on Educational Leadership). Albany, NY: State University of New York Press; Hatry, H.P., Greiner, J.M., & Ashford, B.G. (1994). *Issues and case studies in teacher incentive plans*. (2nd ed.) Washington, DC: The Urban Institute; Murnane, R.J., & Cohen, D.K. (1986, February). Merit pay and the evaluation problem: Why most merit pay plans fail and a few survive. *Harvard Educational Review*, 56(1), 1-17.
- <sup>3</sup> Mellon, E. "Most HISD principals to get bonuses," *Houston Chronicle*, March 13, 2007; Mellon, E. "HISD superintendent to get \$67,250 bonus," *Houston Chronicle*, March 13, 2007; Mellon, E. "Houston ISD chief's \$67,000 bonus raises more concern: It represents 22% of his pay, compared with teachers' 4%," *Houston Chronicle*, March 14, 2007; Houston Chronicle editorial staff. "OPINION: Top heavy: Hefty bonuses for HISD superintendent, administrators and principals provide jarring contrast with teacher wages," *Houston Chronicle*, March 14, 2007.
- <sup>4</sup> Smydo, J. "Performance pay slated for city principals," *Pittsburgh Post-Gazette*, March 23, 2007. <http://www.post-gazette.com/pg/07082/771912-298.stm>; Smydo, J. "City schools to tie principals' pay to performance," *Pittsburgh Post-Gazette*, May 22, 2007. <http://www.post-gazette.com/pg/07142/787985-298.stm>; Associated Press. "Pittsburgh superintendent focuses on principals to help schools," *Education Week*, January 22, 2008.
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- <sup>6</sup> Herszenhorn, D.M. "Bloomberg reaches deal with principals," *New York Times*, April 24, 2007. <http://www.nytimes.com/2007/04/24/nyregion/24principals.html>; Herszenhorn, D.M. "Principals ratify contract," *New York Times*, May 17, 2007.
- <sup>7</sup> Saunders, M. "Ralston board approves pay-for-performance proposal," *Omaha World-Herald*, January 28, 2008.
- <sup>8</sup> The Interstate School Leaders Licensure Consortium (ISLLC) was created by the National Policy Board for Educational Administration (NPBEA) to develop the *Standards for School Leaders* (<http://www.ccsso.org/content/pdfs/isllcstd.pdf>). The ISLLC Standards were written by representatives from states and professional associations during 1994-1995, and were supported by grants from the Pew Charitable Trusts and the Danforth Foundation. See [http://www.ccsso.org/projects/Interstate\\_Consortium\\_on\\_School\\_Leadership/ISLLC\\_Standards/](http://www.ccsso.org/projects/Interstate_Consortium_on_School_Leadership/ISLLC_Standards/)
- <sup>9</sup> Hessel, K., & Holloway, J. (2002). *A framework for school leaders: Linking standards to practice*. Princeton, NJ: Educational Testing Service. This textbook uses the standards of the Interstate School Leaders Licensure Consortium (ISLLC) to examine the role of the school leader and serve as a practical guide for daily decisions. <http://www.pearsoned.co.nz/highered/titleDetails.asp?isbn=9780131723962&DisciplineID=SE04&DisciplineName=&CourseCodeID=SE0730&CourseCodeName=Leadership>
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- <sup>11</sup> McREL. Balanced Leadership Profile. <http://www.educationleadershipthatworks.org>
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## Principal Compensation and Performance Incentives

Revised edition, August 2009

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The Center for Educator Compensation Reform (CECR) was awarded to Westat — in partnership with Learning Point Associates, Synergy Enterprises Inc., Vanderbilt University, and the University of Wisconsin — by the U.S. Department of Education in October 2006.

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This work was originally produced in whole or in part by the Center for Educator Compensation Reform (CECR) with funds from the U.S. Department of Education under contract number ED-06-CO-0110. The content does not necessarily reflect the position or policy of CECR or the Department of Education, nor does mention or visual representation of trade names, commercial products, or organizations imply endorsement by CECR or the federal government.



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