U.S. Department of Education Grant Performance Report (ED524B)
Executive Summary

Founded in 2006 with a five-year, $10 million U.S. Department of Education grant, the National Center on Performance Incentive (NCPI) conducts independent and scientific studies on the individual and institutional effects of performance incentives in education. NCPI, a state and local policy research and development center, is part of the Peabody Center for Education Policy and housed in the Learning Sciences Institute on the campus of Vanderbilt University’s Peabody College, one of the nation’s top two schools of education. Major institutional partners include RAND Corporation, University of Missouri-Columbia, and Texas A&M University, IN addition to these partners, NCPI works with Metropolitan Nashville Public Schools, Metropolitan Nashville Education Association, Nashville School Board, Tennessee Educations Association, and the Nashville Alliance for Public Education, Corporation for Public School Education K-16, Texas Education Agency, Florida Education Association, and Northwest Evaluation Association.

NCPI conducts scientific research on the role of performance incentives in education to advance the extant body of scholarly and practical knowledge, neutral in approach; NCPI has developed a base of scholarly and practical knowledge for education policy makers and practitioners that will continue to help inform the design, implementation and implications of performance incentive in education.

NCPI’s focused program of research addresses the following six questions:
• Will an opportunity to earn significant annual bonuses lead individual teachers to become more effective in raising students’ academic achievement?
• Do the financial structure and organizational context of performance-based incentives plans influence professional relations between teacher, the culture of schools, or the interactions between teachers and their students?
• Can individual teacher performance be measured effectively using existing assessment data?
• Will added financial incentives lead teachers to seek greater knowledge of instructional strategies and student’s needs and/or change their instructional practices?
• Will eligibility for significant financial incentives provoke goal displacement or other unexpected behavior on the part of individual teachers or their schools? And
• Do the benefits realized from receiving financial bonuses outweigh the costs for individual teachers?

The flagship activity of NCPI is a three-year randomized performance-pay experiment involving middle school math teacher. Set in the Metropolitan Nashville Public Schools, the Project on Incentives in Teaching (POINT) includes 297 teachers and offers bonuses of $5,000, $10,000, and $15,000 based on student performance on the Tennessee Comprehensive Assessment Program (TCAP).

Details for the second randomized experiment have been negotiated with Round Rock Independent School District in Texas. The study is designed to appraise the efficacy of a team-level teacher performance-pay program where half of the approximate 82 interdisciplinary grade-level teams will be eligible to earn a bonus based on their students program over the academic year. NCPI plans to launch this project in August 2008 if prerequisite funding to pay bonuses can be obtained.

NCPI also conducts a number of other projects to further inform education research, policy, and practice, NCPI contracted with the Texas Education Agency to evaluate the Governor’s Educator
Excellence Award Program, the nation’s largest pay for performance program. NCPI is also working with the Austin Independent School district to evaluate their Strategic Compensation Initiative. A component of this latter evaluation involves providing critical support and advice to inform the scale up of this program from 9 schools to a district-wide total of 110 schools.

During this last year, NCPI has released more than 30 working papers and technical reports related to our focused program of research. We also hosted a national research to policy conference entitled

**Performance Incentives: Their Growing Impact on American K-12 Education.** Attended by a standing room only crowd of more than 320 people, the conference presented both sides of the growing debate on the role of performance incentives for K-12 education. Topics included pay preferences of teachers and systems, the impact of pay for performance on student achievement, strategies for identifying high-performing teachers, international perspectives on teacher compensation reform, recruitment and retention of high-performing teachers, and the legal and political dynamics of performance-pay. Selected papers from this conference will be published by the Brookings Institute Press in January 2009.

NCPI continues to be at the forefront of policy and research on performance incentives in education. In the past year, NCPI affiliated researches have been featured in *Newsweek, Time Magazine, USA Today,* and *Education Week.* NCPI’s website has averaged more than 5,300 visitors a month since July 2007. Moreover, we have had strong presence at many national conferences, including those hosted by American Education Finance Association, American Educational Research Association, Association for Public Policy Analysis and Management, Education Writers Association, Institute for Education Sciences, national Conference of State Legislature, and the Wisconsin Center for Education Research.