

Technical Appendix

Definition

Performance pay schemes create a direct link between a teacher's wages or bonus, and the performance of their class. A distinction can be drawn between awards, where improved performance leads to a higher permanent salary, and payment by results, where teachers get a bonus for higher test scores. These bonuses can be retrospective (payment after satisfactory pupil performance) or prospective (such as 'loss aversion' approaches where the bonus is given upfront, but then paid back if the results are not satisfactory). A key issue is how performance is measured and how closely this is linked to outcomes for learners.

Search terms: performance/incentive pay; teacher incentives; performance-related pay; merit pay, bonus pay, loss aversion

Evidence Rating

There is one meta-analysis which was conducted in the last ten years on performance pay. Most of the research tends to be correlational or from matched groups, although some studies with stronger causal warrant have emerged from the USA over the last few years. In general, it is hard to make causal claims about the benefits of performance pay on the basis of existing evidence. Overall the evidence is rated as limited.

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Summary of effects

Meta-analyses	Effect size	FSM effect size
Washington State Institute for Public Policy, (2015)	0.02	-
Single Studies	Effect size	FSM effect size
Atkinson, A., Burgess, S., Crosson, B., Gregg, P., Propper, C., Slater, H. & Wilson, D. (2009)	0.02	-
Balch, R., & Springer, M. G. (2015)	0.03	-
Fryer Jr, R. G., Levitt, S. D., List, J., and Sadoff, S. (2012)	0.06	-
Goldhaber, D., & Walch, J. (2012)	0.04	-
Martins, P.S. (2009)	-0.09	-
Muralidharan, K. & Sundararaman, V. (2011)	0.15	-
Shifrer, D., Turley, R. L., & Heard, H. (2017)	-0.11	-
Springer, M. G., & Winters, M. A. (2009)	-0.02	-
Springer, M. G., Pane, J. F., Le, V. N., McCaffrey, D. F., Burns, S. F., Hamilton, L. S., & Stecher, B. (2012)	0.01	-
Wellington, A., Chiang, H., Hallgren, K., Speroni, C., Herrmann, M., Burkander, P & Warner, E. (2014)	0.05	-
Effect size (weighted mean)	0.04	

The right hand column provides detail on the specific outcome measures or, if in brackets, details of the intervention or control group.

Meta-analyses abstracts

18 Washington State Institute for Public Policy (2015)

Teacher performance pay programs distribute bonuses to individual teachers and sometimes to school wide staff. Performance is usually measured as value-added student test scores alone or in combination with some other assessment (such as principal evaluations). These evaluations examine the impact on student test scores from short-term, pilot performance pay programs. 28 studies, impact on test scores 0.019.