

**REPORT OF THE  
JOINT SUBCOMMITTEE STUDYING THE**

**EFFICACY AND APPROPRIATENESS  
OF CREATING A SCHOOL  
INCENTIVE REWARD PROGRAM IN  
THE COMMONWEALTH (HJR 165)**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



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House Joint Resolution No. 165 (1996)

Proposed Legislation: House Joint Resolution No. 433 (1997)



## **EXECUTIVE SUMMARY**

Adopted by the 1996 Session of the General Assembly, House Joint Resolution No. 165 established a nine-member joint subcommittee to study the efficacy and appropriateness of creating a school incentive reward program in the Commonwealth to recognize improved educational performance in public schools. Specifically citing incentive programs adopted in other states, the resolution notes that these programs may reward not only exceptional educational performance of schools or school divisions, but also continued improvement by those schools that may face special challenges prompted by low education and income levels, school overcrowding, lack of local ability or commitment to support public education, or high concentrations of special needs students. The creation of a similar school incentive program in the Commonwealth requires consideration of a variety of issues, including appropriate criteria for determining improvement in educational performance and funding sources for any incentive program. The joint subcommittee was directed to consider school incentive reward programs in other states; potential award criteria; ways in which existing evaluation mechanisms might be employed to assess improved educational performance; possible funding sources for such an initiative in Virginia; and such other issues as it deems appropriate.

### **Education Reform and Incentives for School Performance**

In recent years, education reform has turned its focus to educational accountability--initiatives that measure student performance and assign responsibility for improvement. One reform approach already adopted in several states combines accountability with economic theory: to improve public education, states might measure school or pupil performance and reward those schools or divisions demonstrating excellence or showing significant improvement toward clearly stated goals.

These "incentive" initiatives may address teachers, individual schools, or school divisions. Schools or staff may receive financial rewards for excellence or improvement in meeting particular "benchmarks"; those performing poorly may face severe sanctions. Incentives for improved school performance may also include partnerships in which businesses agree to hire graduates on the basis of academic achievement and schools, in turn, agree to provide prompt and accurate pupil information.

### **Establishing a School Incentive Reward Program in the Commonwealth**

Determining the efficacy and appropriateness of establishing such an initiative in Virginia requires consideration of current educational standards for public schools as well as existing assessment mechanisms. Existing educational standards--those found in the Standards of Quality, the Standards of Learning, and the Standards of Accreditation--may serve as performance criteria for an incentive reward program, or may provide a basis for creating additional goals for Virginia's public schools. Ongoing assessments, such as the Literacy Passport and other tests, may prove effective tools for measuring exceptional school performance or progress and for determining eligibility for any

incentive rewards. In addition, data gathered for the Outcome Accountability Project (OAP) may prove useful in the creation of an incentive program.

### **Current Incentive Initiatives in the Commonwealth**

A number of school divisions are already exploring incentive programs as a way to improve educational performance. In Norfolk, an instructional management system is combined with an accountability system to include analysis of student outcomes by school, gender, race, and socioeconomic status; review of instructional practices, and assessment of central office readiness. The instructional management component is designed to link what students should learn and what strategies work best to help students learn. The accountability component spans a three-year cycle and incorporates systemwide goals, such as early grade readiness, performance in certain core subjects, course enrollments, and absenteeism; school incentives that set higher goals or “benchmarks” for those schools that are farther behind; and public reports for the system and individual schools. Benchmarks are crafted for each school; those reaching their performance goals are designated “stellar schools” and receive cash awards.

Setting divisionwide direction for schools, students, and staff, the Roanoke City school board reaffirmed objectives addressing student performance, attendance, physical fitness tests, and graduation rates. A cash award would be made to schools meeting or exceeding all of the applicable goals. The most improved elementary, middle, and high school in Portsmouth each receives a cash grant; in Brunswick County, an incentive program sets benchmarks for fourth grade reading.

Building on a number of current statewide educational programs that promote only minimal competition among schools and division, might also enhance educational performance. The Reading Recovery Program, the International Baccalaureate Program, reduced first grade pupil:teacher ratios of 15 to 1, pupil exchange programs, extended school year, teacher mini-sabbaticals and professional development, and postsecondary school scholarships are all avenues that might provide incentives for improved educational performance.

### **Conclusions and Recommendations**

The effectiveness of incentives to improve performance has been cited not only by educators but by business leaders as well. Compensation adequate to meet an employee’s needs or to compare favorably with peers; recognition; advancement; and bonuses or awards are common motivators of performance in the workplace, and may similarly prompt improvement in public education. What is clearly critical to the success of any school incentive program, however, as in any reward system, is the link between the desired goal or objective--which must be clearly identified--and the particular motivator.

The creation of any incentive program in the Commonwealth requires careful consideration of the following questions:



- What kinds of educational goals, outcomes, or results are desired, and what incentives might help produce those results?
- What performance criteria should be incorporated in an incentive program in Virginia? To what extent can the SOQ, the SOL, and the SOA serve as the basis for developing additional goals for rewarding school performance?
- How can could an incentive reward program be structured to reward not only high-performing schools, but also those showing significant improvement?
- Should a school incentive program be a statewide initiative or developed voluntarily at the school division level? Should awards be available to school divisions as well as individual schools? To what uses should school incentive rewards be applied?
- In what ways can existing evaluation mechanisms be employed to collect the data necessary to assess improved educational performance? Are additional mechanisms necessary?
- To what extent should school population be factored into an incentive program? Should schools or divisions be “grouped” in making determinations of improvement or achievement?

The joint subcommittee makes the following recommendations:

**Recommendation 1:** *That the work of the joint subcommittee be continued through the Commission on Accountability for Educational Excellence (HJR 168).*

**Recommendation 2:** *That any school incentive reward program adopted in the Commonwealth (i) emphasize family involvement in the educational process; (ii) measure the performance of individual schools, rather than by comparisons to other schools; (iii) include positive as well as negative incentives to improve educational performance; (iv) clearly link any rewards or consequences to the stated goal or objective; and (v) include an evaluation component to determine the effects of incentives on subsequent educational performance.*

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## **FINAL REPORT**

### **JOINT SUBCOMMITTEE STUDYING THE EFFICACY AND APPROPRIATENESS OF CREATING A SCHOOL INCENTIVE REWARD PROGRAM IN THE COMMONWEALTH (HJR 165)**

#### **I. AUTHORITY AND STUDY OBJECTIVES**

Adopted by the 1996 Session of the General Assembly, House Joint Resolution No. 165 established a nine-member joint subcommittee to study the efficacy and appropriateness of creating a school incentive reward program in the Commonwealth to recognize improved educational performance in public schools. The joint subcommittee consisted of five members of the House of Delegates, appointed by the Speaker of the House, and four members of the Senate, appointed by the Senate Committee on Privileges and Elections.

Noting that the Standards of Accreditation for Virginia's public schools were established not only to ensure high quality educational programs, but also to "encourage continuous improvement in public schools, provide recognition by other learning institutions, and assist in assessing the effectiveness of schools," the resolution cites renewed interest among the states in ways to acknowledge and reward improvement in pupil academic performance and in the delivery of educational services. Specifically citing incentive programs adopted in South Carolina, Kentucky, and Texas, the resolution notes that these programs may reward not only exceptional educational performance of schools or school divisions, but also continued improvement by those schools that may face special challenges prompted by low education and income levels, school overcrowding, lack of local ability or commitment to support public education, or high concentrations of special needs students. School incentive rewards, made in the form of cash grants, are typically based on school and pupil performance criteria such as attendance and dropout rates, test scores, and enrollments in accelerated courses, and may be used by the recipient school for salary bonuses or professional development, or to supplement school improvement funds. The resolution states that the creation of a similar school incentive program in the Commonwealth requires consideration of a variety of issues, including appropriate criteria for determining improvement in educational performance and funding sources for any incentive program.

The joint subcommittee was specifically directed to consider:

- "school incentive reward programs in other states;
- potential criteria, such as pupil academic performance, Literacy Passport test scores, student and teacher attendance rates, graduation rates, including minority graduation rates, percentages of graduates pursuing higher education, enrollments in particular courses or curricula, parental and community involvement, and cooperation between the school and relevant state and local agencies;

- the incorporation of school population information, such as the percentage of at-risk students, community education and poverty levels, local ability-to-pay, and school enrollments;
- propriety of grouping various schools in the application of reward criteria;
- ways in which existing evaluation mechanisms, such as the Outcome Accountability Project, might be employed to collect the data necessary to assess improved educational performance;
- possible funding sources for such an initiative in Virginia; and
- such other issues as the joint subcommittee deems appropriate.”

The joint subcommittee was to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly. To meet this directive, the joint subcommittee convened three times in 1996, seeking the input and expertise of state agency staff, members of the business community, and representatives of education organizations. In addition to those issues specifically cited in HJR 165, the joint subcommittee considered the implementation of the new Standards of Learning, including any accompanying student testing and assessments; the ongoing review and potential revision of the Standards of Accreditation; incentive initiatives in other states; current incentive mechanisms and programs in the Commonwealth’s public education system; the work of other ongoing study committees, such as the Commission on the Future of Public Education (HJR 196) and the Commission on Accountability for Educational Excellence (HJR 168); and the financial and policy implications of implementing a school incentive reward program in the Commonwealth.

## II. EDUCATION REFORM AND INCENTIVES FOR SCHOOL PERFORMANCE

Education reform has assumed many forms in the last 30 years. Efforts to improve public education in the 1960s reflected national concern over retaining America’s “technological superiority” in the post-Sputnik era, while increased demand for efficiency in fiscal and management practices prompted the application of business principles to the administration of public schools in the 1970s.<sup>1</sup> Following the publication of *A Nation At Risk* in 1983, education reformers called for the restructuring of public education to meet the needs of students living in the “information age.” Responding to this call for change, states pursued a variety of reform initiatives, such as school choice, school performance assessments, and finance reform, to achieve educational excellence.<sup>2</sup>

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<sup>1</sup>Eisner, “Standards for American Schools: Help or Hindrance?” *Phi Delta Kappan* 758 (June 1995); Pihlo, “Accountability Comes Around Again” *Phi Delta Kappan* 662 (May 1989)[hereinafter referred to as Pihlo].

<sup>2</sup>Harris, Division of Legislative Services, *A Legislator’s Guide To Public Education In Virginia*, “The Standards of Quality” at 1, 2 (1993)[hereinafter referred to as *Legislator’s Guide*]; Report of the Joint Subcommittee Studying Charter Schools Pursuant to HJR 551 and SJR 334, *House Document No. 43* at 1-2 (1996).

More recently, education reform has turned its focus to educational accountability--initiatives that measure student performance and assign responsibility for improvement. Accountability initiatives may include the implementation of more rigorous academic standards, various "indicators" of pupil and teacher performance, new assessment initiatives, or outcome-based accreditation.<sup>3</sup> One reform approach already adopted in several states combines accountability with economic theory: to improve public education, states might measure school or pupil performance and reward those schools or divisions demonstrating excellence or showing significant improvement toward clearly stated goals.

Incentive initiatives may address teachers, individual schools, or school divisions. Released in April, 1991, *America 2000* proposed a "merit schools" program to reward those individual schools making "notable progress" toward national education goals.<sup>4</sup> As conceived by Albert Shanker, president of the American Federation of Teachers, an incentive program might allow individual schools to voluntarily enter a nationwide three-year competition; participating schools would be judged "not by educational attainment at the end but by improvement over the period" and would receive monetary awards for finishing in a top percentile.<sup>5</sup> Other education experts espouse programs rewarding teachers who demonstrate excellence in instruction; these initiatives, such as one employed by Arizona, for example, might create "career ladders" for teachers that link compensation and promotions to performance. Teachers' work might be scrutinized more carefully; evaluations might include classroom inspections by peers, emphasis on academic planning, and review of student progress.

Still other initiatives stress schoolwide incentives; some states that have granted greater flexibility to administrators and teachers have also demanded increased accountability for results. Schools or staff may receive financial rewards for excellence or improvement in meeting particular "benchmarks"; those performing poorly may, conversely, face severe sanctions.<sup>6</sup> Incentives for improved school performance may also include partnerships in which businesses agree to hire graduates on the basis of academic achievement and schools, in turn, agree to provide prompt and accurate pupil information.<sup>7</sup>

Although relatively recent in implementation, incentive initiatives have nonetheless been the focus of intense study by education scholars. An August 1996 report examining incentive programs in Indiana, Kentucky, South Carolina, and Texas noted that while "results-based accountability systems offer potential" for motivating improvement efforts, "intrinsic rewards, nonmonetary recognition of improvements, and

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<sup>3</sup>Pipho, "The Search for a Standards-Driven Utopia," *Phi Delta Kappan* 198 (November 1995); Pipho, *supra* note 1, at 662-663.

<sup>4</sup>U.S. Department of Education, *America 2000: An Education Strategy* at 23 (1991).

<sup>5</sup>A. Blinder, "Adam Smith Meets Albert Shanker," *Business Week* 20 (December 14, 1992); A. Shanker, "The End of the Traditional Model of Schooling--and a Proposal for Using Incentives to Restructure Our Public Schools," *Phi Delta Kappan* 344 at 354-355 (January 1990)[hereinafter referred to as Shanker].

<sup>6</sup>"The Perfect School: Incentives for Good Teaching," *U.S. News & World Report* 57 (January 11, 1993).

<sup>7</sup>Shanker, *supra* note 5, at 354-355.

public awareness of poor performance are more motivating than money.”<sup>8</sup> The report offers the following ways to improve incentive rewards programs should a state choose to adopt such an initiative:

- “design accountability systems that advance the reform agenda;
- tailor rewards to state-local improvement strategies;
- build trust and encourage local improvements through long-term state commitments;
- stimulate collective motivation through team-based rewards;
- include the option of spending rewards on salary bonuses;
- choose multiple indicators that reflect school improvement goals;
- guard against shifting testing purposes from classroom to public uses;
- design fair procedures to give all schools the potential to receive rewards;
- reward schools for raising low performing students’ achievement; and
- target capacity building to ensure essential professional development, leadership and resources.”<sup>9</sup>

Other education specialists have noted that an effective school incentive reward program must be “perceived as fair and worthwhile, and its criteria must be understandable and readily communicated.” Award criteria should reflect “what the local community regards as the most important indicators of performance, and the methods utilized to assess those criteria must make sense to those directly affected by their application: administrators, teachers, students, and parents.”<sup>10</sup>

### III. INITIATIVES IN SELECTED STATES

No matter how school incentive programs are configured across the country, all share a common principle. Each is rooted in economic theory--providing rewards for innovation and entrepreneurial action. Based on the notion that “people in schools are not rewarded for improving outcomes--but for following a bunch of routines . . . that have little to do with the success of the school as an educational institution,” these programs may combine financial rewards with other incentives such as “the desire to do a good job or to solve a difficult problem or to gain the respect of colleagues or to attain professional norms . . .”<sup>11</sup>

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<sup>8</sup>R. King, *Executive Summary*, “The Promise and Reality of Rewards for School Improvement” (August 1996; Harris, Division of Legislative Services, *Memorandum*, “Update of Other States’ Incentive Programs, September 26, 1996 [hereinafter referred to as *Memorandum*].

<sup>9</sup>*Id.*

<sup>10</sup>J. May, South Carolina Department of Education, “Real World Considerations in the Development of an Effective School Incentive Reward Program” (April 1990); *Memorandum*, *supra* note 8.

<sup>11</sup>Shanker, *supra* note 5, at 353.

## **Criteria for Success--School Incentive Reward Programs Fairness, "Worthwhileness," and Communicability**

John May, South Carolina Department of Education,  
"Real World Considerations in the Development of an Effective School Incentive Program" (April 1990)

### **Fairness**

1. Face validity: criteria for award status regarded as logical and reasonable by local educators.
2. Technical defensibility of criteria and analytical techniques utilized in data analysis.
3. Generalizability: analytical techniques generalizable to all schools.
4. Equitability of outcomes: which schools receive awards.
5. Diagnostic indicators: inclusion of "feedback" in data provided to schools.

### **"Worthwhileness" of Rewards**

1. Anecdotal accounts may indicate sufficiency of award amount as motivator.
2. Recognition (nonmonetary awards--flags, certificates) as motivator (if reward status is perceived as unattainable, value of required effort may be diminished).
3. "Paperwork free"--no application process, etc.

### **Communicability**

1. Clear communication of program purpose and criteria.

**California.** Senate Bill No. 1570, enrolled on August 30, 1996, and awaiting the Governor's signature in September 1996, would amend the California Assessment Academic Achievement Act to require the Superintendent of Public Instruction to submit a plan to the Governor and the legislature by December 31, 1997, for the establishment of incentives for the improvement of pupil academic performance. Developed with the assistance of educators, university academicians, parents, and business representatives, the plan is to include "financial and other positive incentives for schools and school districts that demonstrate successful academic achievement." Negative incentives--such as intervention by a county office of education--is also to be included for those schools or districts exhibiting "persistent or dramatic failures in academic achievement." These positive and negative incentives are to recognize absolute levels of achievement as well as improvement or deterioration.

A different incentive program was contemplated in Assembly Bill No. 3180, as amended in May 1996. This measure, which failed in the Education Committee on July

3, 1996, would have authorized students in low-achieving schools to pursue alternative enrollment at another public school or at a private school. "Low-achieving schools" are defined as those failing to score for two consecutive years above the fifth percentile on academic achievement tests.<sup>12</sup>

**Georgia.** In April 1995, the Georgia Legislature enacted House Bill 145, revising its school incentive awards program and providing for a comprehensive review of each school, school system, and regional educational service agency by the State Board of Education every five years. Incentive awards in the form of state grants were to be made to recognize those schools and school systems demonstrating high levels of achievement or improvement and to improve the performance of lower-achieving schools or systems. The comprehensive evaluations would address the implementation of strategic plans and sequenced core curriculum; compliance with state laws, regulations, and policies, including those addressing public information requirements; the effectiveness of educational programs, including comparisons with other entities sharing common demographics; the effectiveness of professional evaluations and development initiatives, particularly in addressing any deficiencies; the accuracy of fiscal and student count procedures; and other functions deemed necessary by the State Board for a "full and comprehensive evaluation . . ." The State Superintendent would report annually to the Governor and the General Assembly regarding the results of all statewide student achievement assessments; the status of each school, system, and regional agency; and the progress of any "nonstandard" entity in remedying deficiencies.<sup>13</sup>

Assessment was the focus of Senate Bill 11, adopted in April 1996. In creating and implementing a student assessment program, the State Board is to review, revise, and upgrade the quality core curriculum and contract for the development of criterion-referenced tests to measure the core curriculum within two years. Student achievement, as evidenced by these various assessments, may be included as a component of the comprehensive evaluation of schools, systems, and regional agencies, and may also be considered in awarding salary supplements or pay-for-performance.<sup>14</sup>

According to information received from the Georgia Department of Education, the school achievement grants recognizing those schools and school systems demonstrating high levels of achievement or improvement was never funded by the Georgia General Assembly. The state instead now uses a "pay-for-performance program for group activity," a voluntary school improvement program "designed to promote exemplary school and student improvement and achievement as well as faculty collaboration." These awards are made to schools, rather than individuals, and are calculated on the basis of \$2,000 per certified staff member. In March of each year, applicant schools submit proposals detailing performance objectives that "indicate what the school will do to promote exemplary performance." The objectives must address the

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<sup>12</sup>Senate Bill No. 1570; Assembly Bill No. 3180 (California 1996); Information Clearinghouse, Education Commission of the States, *State Issues Report 1995-96* (Draft)(May 17, 1996)[hereinafter referred to as *State Issues Report*]; *Memorandum, supra* note 8.

<sup>13</sup>*State Issues Report, supra* note 12, at 2; 1995 Ga. Laws, Act 500 (§§ 20-2-253; 20-2-282 ).

<sup>14</sup>*State Issues Report, supra* note 12, at 7; 1996 Ga. Laws, Act 1038 (§ 20-2-281).



areas of academic achievement, client involvement, educational programming, and resource development, and constitute a "contract" with the state. A school must achieve at least 80 percent of its performance objectives to receive an award. Schools approved for participation have one year to implement and realize their performance objectives. The State Board was to develop criteria for evaluating proposals submitted by schools or school systems. The criteria are to include, "to the extent feasible," socioeconomic or other demographic factors that may affect student achievement.

In 1993, the first year of the program, 44 of 67 applicant schools were approved for participation; 19 schools received awards totaling \$1,048,000. In 1994, 44 of 100 applicants were approved, and again 19 schools received awards, that year totaling \$2,018,000. Thirty-seven of 100 applicants participated in the program in 1995; awards for these schools will be determined in the fall of 1996. A total of 228 schools have applied for participation in the 1996-97 cycle.<sup>15</sup>

**Indiana.** The Indiana performance-based award and incentive program recognizes those schools exhibiting "relative improvement" toward performance "benchmarks" determined to be appropriate for the school. Schools may expend their awards for "any educational purpose," with the specific exception of athletics and salaries and bonuses for school personnel. Data on each school is collected for two consecutive years. The state department of education determines the amount of any monetary award; gubernatorial approval is required for distribution of cash awards. The department may also make nonmonetary awards.<sup>16</sup>

Representatives of the Indiana Department of Education report that the incentive program is closely linked to the state's performance-based accreditation system. Expected performance levels are identified for each accredited school; indicators for these performance levels are used for determining incentive rewards. The new accreditation system, enacted in 1987, focuses not only on resources and standards for public schools, but also on the "results of the education process." This revised accreditation system also provides a "planning, improvement, and evaluation model for schools." Accreditation recommendations are based on legal standards, such as pupil-teacher ratios, health, safety, and curriculum requirements, and the development and implementation of a staff evaluation plan and a beginning teacher internship program; development of a school improvement plan, produced from a "thorough self-study"; and expected performance levels on a statewide test, language and mathematics proficiency scores, and attendance and graduation rates.

In 1994-1995, a total of \$3,161,177 in cash awards was given to 703 elementary, 161 middle, and 204 high schools. The 1,068 public schools receiving these awards represented about 60 percent of Indiana schools; more than 21 percent of schools qualified for nonmonetary awards. Amendments adopted by the Indiana General Assembly in 1996 authorize the Superintendent and the Board to choose among 10

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<sup>15</sup>*Memorandum, supra* note 8; Ga. School Laws §§ 20-213.1; 20-2-253 (1992).

<sup>16</sup>Ind. Code Ann. § 20-1-1.3-1 et seq. (Burns 1991 and 1996 Supp.); *Memorandum, supra* note 8.

benchmarks appropriate for measuring a particular school's performance. The benchmarks include:

1. graduation rate;
2. attendance rate;
3. ISTEP (Indiana Statewide Testing for Educational Progress) scores;
4. actual class size;
5. numbers of students enrolled in certain programs or groups, such as at-risk, vocational, remedial, gifted, or special education;
6. advanced placements;
7. course completion in academic honors, core, and vocational programs;
8. percentage of students pursuing higher education;
9. school safety, including numbers of students receiving suspensions or expulsions for possession of alcohol, drugs, or weapons; and
10. financial information related to performance.<sup>17</sup>

**Kentucky.** Expressing its intent that each "school succeed with all students and receive the appropriate consequences in proportion to that success," the Kentucky General Assembly statutorily directed the State Board for Elementary and Secondary Education to develop regulations for establishing a "system of determining successful schools and dispensing appropriate rewards." As the "unit of measure to determine success," individual schools are rewarded for an increased proportion of successful students, including those at risk of school failure. School success is measured over a two-year period. The Board establishes a "threshold" level for school improvement to determine the requisite level of improvement necessary for receipt of an award; this threshold reflects the school's present proportion of successful students, recognizing that schools with higher percentages of successful students should have a smaller increase required.

Rewards are given to the school on behalf of full-, part-time, and itinerant instructional staff when the school achieves at least a one percent gain over its threshold. Rewards are calculated by applying the percentage to the current annual salary of the certified staff persons employed at the school; substitute teachers may not be included in reward calculations. Rewards for part-time and itinerant personnel are to reflect the amount of time spent at the school. Certified staff members collectively determine how these rewards are spent. Each staff person may use the amount he or she individually earned pursuant to this collective determination; rewards may not be added to a base salary. In establishing a "formula" for determining successful schools, the Board is to use a "calculus of factors" that reflect statutorily-declared goals for public schools, such as increasing school attendance, reducing dropout rates, and enhancing particular academic skills. In 1994-95, per teacher awards stood at about \$2,000, for a total appropriation of \$26 million. About 38 percent of schools received bonus awards that

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<sup>17</sup>Information from Terry Spradlin, Legislative Liaison, Indiana Department of Education, September 18, 1996; *Memorandum*, *supra* note 8.

year. Approximately \$30 million may be disbursed per biennium. Individual teachers may receive up to \$2,600.

A significant feature of the Kentucky program are consequences for failure to meet established thresholds of performance. Schools simply maintaining their previous proportions of successful students or showing a less than five percent decline are to develop a school improvement plan; moneys from the Commonwealth School Improvement Fund are available to support improvement efforts. Schools failing to show improvement for a second year may be assisted by a "Kentucky Distinguished Educator"--specially-trained certified educators. Subsequent failures, or declines of more than five percent, warrant a designation of "school in crisis"; full- and part-time staff are placed on probation and parents must be notified of their right to transfer their children to another school. Again, Distinguished Educators is assigned to the school--this time, to evaluate and make recommendations regarding the retention of instructional personnel. The evaluation process continues every six months, until the school is no longer deemed "in crisis." Similar sanctions are also detailed for school districts showing a five percent decline in successful students. Finally, the Board is also to establish a reward system for certified staff who are not assigned to a school within a school district. In 1994, the Kentucky legislature delayed implementation of the consequences feature of its education initiative until 1996.<sup>18</sup>

**Maryland.** Enacted in April 1996, House Bill No. 261 created the Maryland School Performance Program, a performance-based accountability program that rewards schools showing substantial improvement towards meeting state standards for particular data-based areas. The Program will receive a \$2.75 million appropriation in the 1997 budget. State Board approval of program guidelines was slated for June 1996, with the awarding of fiscal year 1997 funds to occur in October 1996.

To the extent funds are available in the state budget, the state superintendent is to distribute annually recognition awards to elementary and middle schools; State Board guidelines set parameters for award eligibility. Each school will be assessed "relative to its own past performance" and must show sustained improvement for at least two years. Cash awards, made directly to the school, would be allocated on a one-third per-school basis and two-thirds per-pupil basis. Progress would be measured by a "School Performance Index," a formula reflecting attendance rates and test scores documented in the annual Maryland School Performance Report. The school improvement team of a recipient school determines the application of awards, which may not be used for staff bonuses or differential increase or to supplant regularly appropriated funds. The school principal reports the amount and use of recognition awards to the local superintendent.<sup>19</sup>

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<sup>18</sup>Ky. Rev. Stat. Ann. §§ 158.6455; 158.782; 158.805 (Baldwin 1995); Consortium for Policy Research in Education, "Performance Awards in Kentucky," *CPRE Finance Briefs* (September 1995)[hereinafter referred to as *CPRE*]; *Memorandum, supra* note 8.

<sup>19</sup>House Bill No. 261 (Maryland 1996); *State Issues Report, supra* note 12; *Memorandum, supra* note 8.

**North Carolina.** This summer, the North Carolina General Assembly adopted Senate Bill 1139, implementing the State Board of Education's mandatory School-Based Management and Accountability Program. Comprised of an accountability, recognition, assistance, and intervention process, the Program provides school boards with increased budget flexibility and authorizes the grant of waivers from certain regulations that may inhibit reaching local accountability goals. Personnel in schools exceeding performance growth goals may receive financial rewards; these awards may be applied to other purposes upon a vote by school personnel and approval by the school board. Schools identified as "low-performing" must notify parents of this designation; an assistance team may be assigned to the school. The Accountability Program also provides for the dismissal and removal of administrators and teachers in low-performing schools and the appointment of interim superintendents.<sup>20</sup>

**South Carolina.** Established in 1984, the South Carolina School Incentive Reward Program rewarded schools and school districts for "exceptional or improved performance." Criteria for these awards included student achievement gain, student and teacher attendance; student attitudes toward learning, parent participation, and "any other factors promoting or maintaining high levels of achievement and performance." By the 1991-92 school year, reduction or maintenance of dropout rates were to be included as criteria for incentive awards for secondary schools; by the 1993-94 school year, recognition criteria were to include exceptional or improved performance in "higher order thinking and problem solving . . . ." Incentive grant funds were to be allocated on a per-pupil basis. Individual school improvement councils provided "advice" on the use of these grants. An additional performance incentive was a grant of flexibility; schools meeting certain criteria--including demonstrating a "school gain index value" at or about the state average set by the incentive grant program--may be exempted from compliance with certain education requirements.<sup>21</sup>

To enhance the equitable distribution of incentive awards, schools competed in one of five comparison "bands" for awards; the bands were based on percentages of students receiving free or reduced-price lunches, average teacher's years of education beyond the bachelor degree level; and percentage of students meeting or exceeding a "readiness" standard on a cognitive skills test administered in elementary schools. Approximately 25 percent of schools would receive an award; the typical school might receive \$15,000 to \$20,000, or about \$25 to \$40 per pupil. Schools meeting student achievement criteria received 80 percent of the full award; an additional 10 percent is awarded to each school maintaining teacher and student attendance at or above 96 percent.<sup>22</sup>

After 10 years of operation, however, the South Carolina School Incentive reward Program (SIRP) was re-tooled to reflect a "fundamental change of philosophy toward

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<sup>20</sup>Legislative Research Division, North Carolina General Assembly, *Summary: ABC's Plan* (1996); N.C. Gen. Stat. § 115C-12(9) *et seq.* (1996 Session, c. 716).

<sup>21</sup>CPRE, *supra* note 18; S.C. Code §§ 59-18-10; 59-18-11; 59-18-15; 59-20-60 (West 1995).

<sup>22</sup>CPRE, *supra* note 18.

improvement . . . [to incorporate] high expectations for all children. Grouping categories are no longer used in determining award recipients; a three-year review of the program noted that while some comparison groups were necessary to ensure fair distribution of funds, some categories might create low expectations for some schools. A survey of school faculties revealed that a majority felt the incentive program “provided additional motivation in the schools.”

Schools will now be evaluated on the basis of their respective previous performances, using a calculated “Level of Achievement” (LA) and “Gain in Achievement” (GA). The elimination of state testing in grades one through three and of some sixth grade tests prompted additional changes in the Incentive Reward Program. Longitudinal data, tracking individual student test scores through the years, has been replaced as a evaluative tool by cross-sectional data that evaluates student performance in a particular grade with the performance of students in the same grade for the previous year. Schools reaching designated percentiles of achievement toward their particular LA or GA may be selected as award or honorable mention recipients. Schools receiving awards may be funded at 80 percent of a per-pupil rate; this rate may rise to 100 percent if the school also demonstrates high pupil and teacher attendance rates and low middle and high school dropout rates. Schools earning honorable mention receive grants of \$2,500. A school district having two-thirds or more of its schools chosen for an award receive district awards calculated at \$2.00 per pupil. The Program has been funded at \$5 million for the past seven years. In 1994-95, 320 (210 elementary, 68 middle, and 42 high) of the 1,014 qualifying schools received incentive awards. Calculated at \$25 per pupil, awards are used for instructional purposes

The South Carolina School Accountability Act of 1996, which failed to pass, would have established specific “benchmarks” for student achievement, to be measured annually; report cards for each school and district would be issued on the basis of these benchmarks. School incentive awards would be made to those schools designated as “successful” (meeting all the benchmarks) or “improving” (not meeting all benchmarks, but shows a 33 percent improvement toward achieving the benchmarks). Consequences for schools found to be “substandard” are more severe; principals may be removed and teachers’ contracts deemed nonrenewed. School superintendents would be removed in districts deemed substandard.<sup>23</sup>

**Texas.** Under the Texas Successful Schools Awards System, schools or districts attaining the highest sustained success or greatest improvement in achieving educational goals may receive financial awards for “academic enhancement purposes.” These financial awards are made on a per pupil basis, using average daily attendance. Nonmonetary awards, in the form of gubernatorial proclamations or certificates, may be made to schools and districts meeting or exceeding educational goals. In addition, the commissioner of education may establish additional categories of awards and amounts for successful schools or districts contingent on the school’s or district’s involvement

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<sup>23</sup>*State Issues Report*, *supra* note 12, at 3; House Bill 4597 (South Carolina 1996); *Memorandum*, *supra* note 8.

with “paired, lower-performing schools.” Funded by grants, donations, or legislative appropriations, awards may not be used for athletics; recipient schools and districts are to give “priority to academic enhancement purposes” when using these awards.

In addition, the State Board is to develop a plan for recognizing and rewarding schools and districts that share proven-successful educational practices; the awards may be used for summer stipends for teachers to develop curricula based on these successful strategies. Similar to the South Carolina statute, the Texas Code also provides “excellence exemptions”--grants of flexibility for certain schools and districts.<sup>24</sup>

In 1995, the Texas legislature directed the state education commissioner to design an “objective system” to evaluate principals. Based on data available through the Public Education Information Management System (PEIMS) and the state’s public school accountability system, this program of Principal Performance Incentives focuses on “gain at a principal’s campus” and compares current campus performance to previous performance. Principals identified as “high-performing” and ranking in the top quartile may receive awards not exceeding \$5,000; principals ranked in the second quartile may receive awards not exceeding \$2,500. The program expires in 2001.<sup>25</sup>

#### **IV. ESTABLISHING A SCHOOL INCENTIVE REWARD PROGRAM IN THE COMMONWEALTH**

The value of providing incentives for schools was recognized by the 1986 Governor’s Commission on Excellence in Education; the Commission recommended the creation of a grants initiative for rewarding school performance as well as significant progress. Community involvement in and support for schools were cited as factors that should be included in such an initiative.<sup>26</sup> Ten years later, the Governor’s Commission on Champion Schools echoed this sentiment, recommending that schools attaining “outstanding academic achievement” be recognized by financial awards funded by the private sector or public/private partnerships.<sup>27</sup>

As is the case for many other accountability initiatives, a school incentive reward program must include (i) criteria or goals for performance; (ii) methods of measuring achievement or improvement in striving to meet these goals, and (iii) appropriate “consequences” for performance--such as financial rewards. Determining the efficacy and appropriateness of establishing such an initiative in Virginia requires consideration of current educational standards for public schools as well as existing assessment mechanisms. Existing educational standards may serve as a performance criteria for an incentive reward program, or may provide a basis for creating additional goals for

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<sup>24</sup>Tex. Educ. Code Ann. §§ 39.091 *et seq.*; 39.111; 39.112 (1996).

<sup>25</sup>*Memorandum, supra* note 8; Tex. Educ. Code Ann. § 21.357 (1996).

<sup>26</sup>The Report of the Governor’s Commission on Excellence in Education, *Excellence in Education: A Plan for Virginia’s Future* at 17-18 (October 1986)[hereinafter referred to as *Excellence in Education*].

<sup>27</sup>The Governor’s Commission on Champion Schools, *Final Report to the Governor* at 9, 73-74 (January 1996).

Virginia's public schools. Ongoing assessments may prove effective tools for measuring exceptional school performance or progress and for determining eligibility for any incentive rewards.

**A. SETTING STANDARDS: THE SOQ, THE SOL, AND THE SOA**

The standards, assessments, and consequences that may serve as a foundation for developing a school incentive reward program are primarily set forth in the Standards of Quality (SOQ), mandated by the Virginia Constitution and set forth in the Code of Virginia. Setting out broad policies and goals rather than detailed procedures, the SOQ establish minimum educational goals and requirements; localities may, and often do, surpass these Standards.<sup>28</sup>

Standard 1 of the SOQ directs the Board of Education to establish educational objectives to implement the development of necessary skills. These objectives, known as the Standards of Learning (SOL), were designed to "identify what students are expected to accomplish, to provide a method of determining what has been learned, and encourage teachers to place emphasis on critical areas in the curriculum." Standards of Learning have since been developed for language arts, mathematics, science, social studies, health (including driver education), physical education, music, art, foreign language, and family life education. Each set of standards includes learning objectives or goals, crafted for various grade levels. Listing identifiable skills and competencies, these objectives may range from a second grader's understanding of substances as solids, liquids, or gases, to the 10th grader's identification of themes in literary works.<sup>29</sup>

Responding to the directive of Subsection B of § 22.1-253.13:1 to "seek to ensure" that any revisions to the SOL are "consistent with the world's highest educational standards," the Board of Education adopted in June 1995 revised Standards of Learning in the core subject areas of mathematics, science, English, and history and social science. The 1996-98 biennial budget appropriated \$6,003,000 in each year for the development and administration of new assessment materials and tests that reflect these new Standards of Learning. Data generated from the new assessments during 1996-97 are to be used only to determine test validity and reliability; the data may not be used to "impose consequences" on schools, school divisions, teachers or students.<sup>30</sup>

The responsibility of schools and school boards for quality education is highlighted in Standard 3 of the SOQ, which directs the Board of Education to promulgate regulations pursuant to the Administrative Process Act establishing standards for the accreditation of public schools. Accreditation standards for public schools must include student outcome measures, requirements and guidelines for instructional

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<sup>28</sup>*Legislator's Guide*, *supra* note 2, at 4, 6.

<sup>29</sup>Va. Code § 22.1-253.13:1 A (1996 Supp.); Virginia Board of Education, *Standards of Learning for Virginia Public Schools* 38, 73 (June 1995)[hereinafter referred to as *Standards of Learning*]; *Legislator's Guide*, *supra* note 2, at 9-10.

<sup>30</sup>Va. Code § 22.1-253.13:1 B (1996 Supp.); *Standards of Learning*, *supra* note 29, at iii; 1996 Acts of Assembly, c. 912, § 1-51, Item 131 H.

programs, staffing levels, auxiliary programs such as library and media services, and graduation requirements, as well as "the philosophy, goals, and objectives of public education in Virginia." These Standards of Accreditation (SOA) are designed not only to ensure high quality educational programs, but also to promote public confidence, encourage continuous improvement in public schools, provide recognition by other learning institutions, and assist in assessing the effectiveness of schools. The accreditation status of each public school is subject to annual review by the Board.

Currently, there are eight accreditation standards, each supported by a number of criteria establishing specific requirements. These standards address broad areas, such as school/community relations, instructional programs and leadership, student achievement, staffing, building and grounds, and goals and objectives. Emphasizing educational excellence, student achievement, quality instruction and administration, and appropriate facilities, the standards of accreditation include mandates for student-teacher ratios, course offerings, and staff levels and responsibilities.<sup>31</sup>

The current Standards of Accreditation, developed in 1992, are now under review for revision by the Board of Education. The results of 320 surveys collected from seven preliminary public hearings held by the State Board of Education regarding the SOA revision may identify those areas of public education that may benefit from the creation of performance incentives. Identified first as among those things schools do "particularly well" was "educate a diverse student population, tailoring education to the individual child and providing necessary support services." Also noted among those things school "do well" were offering a broad curriculum and providing a "sufficient academic foundation." Receiving the fewest positive responses to this survey question was educating gifted and special education students.

Respondents generally agreed that schools and students should be measured by achievement against the Standards of Learning (SOL), but noted that assessments should closely correlate to the standards and that the standards be measurable, attainable, and not lowered. Respondents also noted that testing should not be the only method of assessing performance. Among those changes cited by respondents as needed in the public school were establishing student achievement in core academics as the basis of accountability; maintaining class sizes and pupil:teacher ratios; incorporating current special education program standards into the SOA; establishing higher expectations for all students, while recognizing that all students are not college-bound; making school accountable to the same standards to eliminate disparities; and protecting and extending instructional time, especially in core subjects.<sup>32</sup>

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<sup>31</sup>Va. Code §§ 22.1-253.13:3 A, B, F (1996 Supp.); Virginia Department of Education, *Standards and Regulations for Public Schools in Virginia* at 13-14 (1992) [hereinafter referred to as *SOA*]. See also, *Legislator's Guide*, *supra* note 2, at 14.

<sup>32</sup>Meeting summary, September 27, 1996, meeting.



## B. ASSESSING PERFORMANCE

Pursuant to Standard 3 of the SOQ, the Superintendent of Public Instruction is responsible for the development of "criteria for determining and recognizing educational performance in the Commonwealth's public school divisions and schools." Subject to the approval of the Board, these criteria are to become "an integral part of the accreditation process" and must include student outcome measurements. Consistent with the recommendation of the 1986 Governor's Commission on Excellence in Education, the Commonwealth has revised its accountability mechanism to incorporate student outcomes, rather than input measures such as spending levels or class size.

### The Outcome Accountability Project

Supplanting the Educational Performance Recognition (EPR) Program, the Outcome Accountability Project (OAP) provides annual reports of student performance data as a tool for improving public education in Virginia. The OAP uses "outcome indicators," such as course enrollments, attendance, and dropout rates, that target seven educational objectives:

- I. Preparing students for college;
- II. Preparing students for work;
- III. Increasing the graduation rate;
- IV. Increasing special education students' living skills and opportunities;
- V. Educating elementary school students;
- VI. Educating middle school students; and
- VII. Educating secondary school students.

The first four objectives address division-level programs; data for the last three objectives is reported for individual schools. Data released in 1996, the fifth year of school reporting and the sixth year of state/division level reporting, includes data on 46 performance indicators. Statewide, performance has improved for the majority of these indicators. Large gains--11 percent--were seen in the numbers of students taking Algebra I prior to the ninth grade, an indicator for Objective I. Indicators addressing Objective II, preparation for work, remained stable statewide.

The Superintendent of Public Instruction is to identify those school divisions not meeting performance criteria and assist these divisions in the implementation of action plans to improve their achievement levels. Because these performance criteria have not yet been established, OAP reports are presently used for informational purposes only. Once the performance criteria are created, it is anticipated that the OAP will expand its function to incorporate determinations of accountability.<sup>33</sup>

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<sup>33</sup>*Legislator's Guide*, supra note 2, at 15; Virginia Department of Education, *Outcome Accountability Project: 1996 Interpretive Guide to Reports*, at 1-3 (1996); Virginia Department of Education, *Outcome Accountability Project: 1996 Virginia Summary Report 1*, 3-4, 9 (1996); Va. Code § 22.1-253.13:3 D (1993).

## **Student Testing**

The Commonwealth measures student academic progress through a battery of tests and assessments. Pursuant to Standard 3 of the Standards of Quality, the Board of Education is to develop "appropriate assessments" which may include criterion-referenced tests as well as "alternative assessment instruments." In addition, the Board is directed to prescribe measures, including nationally normed tests, for the Virginia State Assessment Program, which incorporates the Iowa Tests of Basic Skills for grades four and eight and Tests of Achievement and Proficiency for grade 11. Literacy tests in reading, writing, and mathematics are to be provided for sixth graders.

Complementing the Board's testing responsibilities is the duty of local school boards to require the administration of "appropriate assessments," including the Virginia State Assessment Program, the Virginia Literacy Testing Program, and the National Assessment of Educational Progress (NAEP) state-by-state assessment. Analysis and annual reporting of Virginia State Assessment and Virginia Literacy Testing Program results are also local school board responsibilities.

Today, student testing in Virginia combines a variety of assessment instruments. Standardized or "norm-referenced" tests attempt to measure general ability or achievement; these tests do not assess progress toward particular educational goals or objectives. Although considered effective in comparing achievement levels in a geographic area with those of national samples, these tests generally do not predict future academic success or indicate effective instruction. In contrast, criterion-referenced tests target the achievement of specific educational objectives and are not designed to provide comparative performance data. Teacher-made tests may provide guidance in improving instruction and in motivating pupils. Informal evaluations, typically based upon observation of students, also offer a useful evaluation tool.<sup>34</sup>

### **The Literacy Passport Test**

In 1988, the General Assembly completely revised the Standards of Quality and added a Literacy Passport requirement to the standards for graduation. Recommended by the Governor's Commission on Excellence in Education, the Literacy Passport Test (LPT) is designed to "affirm that the student is prepared for success at the more demanding level of secondary education."<sup>35</sup> Alluded to in Standard 3 as the "literacy tests in reading, writing, and mathematics" administered to sixth graders and to students who have not passed them in grades seven and eight, Literacy Passports are awarded to all students, including handicapped students, achieving passing scores on three-part tests

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<sup>34</sup>*Legislator's Guide*, *supra* note 2, at 17. See also, Study of Criteria and Tests for Measuring Pupil Performance in Virginia Schools, *House Document No. 10* (1974); Report of the Joint House-Senate Subcommittee to Review the Standards of Quality in Education, *House Document No. 19* (1976); Report of the Joint Subcommittee Studying Minimum Competency Testing, *House Document No. 25* (1981); Va. Code § 22.1-253.13:3 E, G, H (1993); Virginia Department of Education, *Superintendent's Report for Virginia 1993-94* at 10-17 (1995).

<sup>35</sup>*Excellence in Education*, *supra* note 26, at 7.

created by the Board of Education. Promotion to the ninth grade is contingent upon passing the Literacy Passport Test; a statutory exception is made for disabled students who are progressing according to an individualized education program (IEP).<sup>36</sup>

The introduction of the Literacy Passport Test (LPT) as a potential barrier to graduation in 1996 may have prompted improved test performance, as only 100 of the 1,105 rising seniors who had previously failed to pass all three parts of the LPT were denied graduation.<sup>37</sup>

### C. CURRENT INCENTIVE INITIATIVES IN THE COMMONWEALTH

Testimony before the joint subcommittee confirmed that a number of school divisions are already exploring incentive programs as a way to improve educational performance. An initiative in the Norfolk Public Schools combines an instructional management system with an accountability system to include analysis of student outcomes by school, gender, race, and socioeconomic status; review of instructional practices, and assessment of central office readiness. The instructional management component is designed to link what student should learn and what strategies work best to help students learn. Standards for pupil performance will be identified, reflecting local priorities, state and national standards, and workplace expectations, and will be closely aligned with local and state curricula, test, and texts and software. These standards will also guide instruction, test development and selection, material purchases, and staff training. Assessments three times a year, using tests, portfolios, or writing samples, will provide a diagnosis of "needs." A September diagnostic test, developed by the Norfolk schools, will be used not for accountability purposes, but to aid in instruction. Students will be grouped and instructional materials will be selected on the basis of these initial test results.

The accountability component of this initiative spans a three-year cycle and incorporates systemwide goals, such as early grade readiness, performance in certain core subjects, course enrollments, and absenteeism; school incentives that set higher goals or "benchmarks" for those schools that are farther behind; staff, student, and parent survey information regarding school effectiveness, discipline, and other issues; evaluations of principals; and public reports for the system and individual schools. Third graders who are not at the appropriate reading level must attend an extended school year; if retained, they must attend summer school. Partially implemented last summer, this particular initiative tripled the number of students in summer school.

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<sup>36</sup>*Legislator's Guide*, *supra* note 2, at 18-19; Va. Code § 22.1-253.13:4 A, B (1996 Supp.); *SOA*, *supra* note 31, at 24-25. In spring 1995, 140,118 public school students took the Literacy Passport Test. Slightly more than 65 percent of sixth graders passed the test on their first attempt. The passing rate for seventh graders was slightly over 17 percent, while about 31 percent of eighth graders achieved passing scores on the three tests. Nearly 51 percent of ninth graders passed all three tests. Virginia Department of Education, *Virginia Literacy Testing Program, Spring 1995* (1995).

<sup>37</sup>Meeting summary, December 19, 1996, meeting.

Benchmarks are crafted for each school; those reaching their performance goals are designated "stellar schools" and receive cash awards of \$1,000 per teacher/principal and \$650 per support staff. Seen as "captain of the ship," the school principal is ultimately accountable for school performance in the Norfolk model. Principals needing assistance in teacher employment and termination issues may petition a professional review board. Last year, this board heard 134 cases; the contracts of 28 non-tenured and seven tenured teachers, respectively, were not renewed as a result of these hearing.

In the Roanoke City Public Schools, a three-year plan was developed in 1993-94 to set divisionwide direction for schools, students, and staff. The Roanoke school board reviewed division progress in 1994 and again in 1995, and reaffirmed objectives addressing student performance, attendance, physical fitness tests, and graduation rates. A cash award of \$5,000 would be made to schools meeting or exceeding all of the applicable goals. Included among these performance objectives were specified annual increases in student academic and physical fitness scores. While a number of schools met or exceeded some of these goals, only one school--Wasena Elementary--met or exceeded all goals.

Improving school attendance was identified as one of the most challenging goals; family commitment to education was cited as critical to this goal. To improve attendance, the school sent written correspondence to all parents, and also to parents of certain target populations. To increase the number of pupils passing all four parts of the physical fitness test, additional pull-up bars were installed in classrooms, in-service activities were conducted to assist teachers in various fitness exercises, and physical education teachers were directed to incorporate certain exercises in their classes. To improve academic performance, the use of technology in the classroom was enhanced. In addition, a preschool program for at-risk students was established and reading resource teachers were to provide small group instruction to certain students. All forms of tutoring--peer, volunteer, aide, and resource teachers--was encouraged, and writing was emphasized in all classes. Wasena's cash incentive reward will be used for visible instructional items.

The most improved elementary, middle, and high school in Portsmouth each receives a \$3,000 cash grant. An incentive program in Brunswick County sets benchmarks for fourth grade reading. In addition, Brunswick has implemented a summer reading project that includes a goal of 25,000 books read in the division.

Building on a number of current statewide educational programs that promote only minimal competition among schools and division, might also enhance educational performance. The Reading Recovery Program, the International Baccalaureate Program, reduced first grade pupil:teacher ratios of 15 to 1, the foreign language immersion program, pupil exchange programs, extended school year, teacher mini-sabbaticals and grants for national certification, professional development, sponsored college visits, and

postsecondary school scholarships are all avenues that might provide incentives for improved educational performance.<sup>38</sup>

#### IV. CONCLUSIONS AND RECOMMENDATIONS

The effectiveness of incentives to improve performance has been cited not only by educators but by business leaders as well. Compensation adequate to meet an employee's needs or to compare favorably with peers; recognition; advancement; and lump sum bonuses or awards are common motivators of performance in the workplace, and may similarly prompt improvement in public education. What is clearly critical to the success of any school incentive program, however, as in any reward system, is the link between the desired goal or objective--which must be clearly identified--and the particular motivator.

Incentives might be aptly described--in the words of one business leader testifying before the joint subcommittee--as the "missing ingredient" in the Commonwealth's education reform efforts. In addition to standards and assessments, rewards or consequences--incentives--may be necessary to "align the interests of the organization with the interests of the persons working there."<sup>39</sup>

The creation of any incentive program in the Commonwealth requires careful consideration of the following questions:

- What kinds of educational goals, outcomes, or results are desired, and what incentives might help produce those results?
- What performance criteria should be incorporated in an incentive program in Virginia? To what extent can the SOQ, the SOL, and the SOA serve as the basis for developing additional goals for rewarding school performance?
- How could an incentive reward program be structured to reward not only high-performing schools, but also those showing significant improvement?
- Should a school incentive program be a statewide initiative or developed voluntarily at the school division level? Should awards be available to school divisions as well as individual schools? To what uses should school incentive rewards be applied?
- In what ways can existing evaluation mechanisms be employed to collect the data necessary to assess improved educational performance? Are additional mechanisms necessary?

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<sup>38</sup>Meeting summary, September 27, 1996, meeting.

<sup>39</sup>Meeting summaries, September 27, 1996, and December 19, 1996 meetings.

- To what extent should school population be factored into an incentive program? Should schools or divisions be “grouped” in the making determinations of improvement or achievement?

The joint subcommittee therefore makes the following recommendations:

**Recommendation 1:** *That the work of the joint subcommittee be continued through the Commission on Accountability for Educational Excellence (HJR 168).*

The Commission on Accountability for Excellence in Public Education (HJR 168), a two-year commission chaired by the Lieutenant Governor, is specifically charged to develop and recommend comprehensive plans for statewide student and teacher assessment and for “the accreditation of public schools which incorporates the revised standards of learning, and statewide student and teacher assessment goals.” Clearly linked to these directives is the “third prong” of accountability: consequences, whether in the form of sanctions or incentives to improve school performance. Although the joint subcommittee itself need not be continued, its work would be appropriately referred to this Commission.

**Recommendation 2:** *That any school incentive reward program adopted in the Commonwealth (i) emphasize family involvement in the educational process; (ii) measure the performance of individual schools, rather than by comparison to other schools; (iii) include positive as well as negative incentives to improve educational performance; (iv) clearly link any rewards or consequences to the stated goal or objective; and (v) include an evaluation component to determine the effects of incentives on subsequent educational performance.*

Respectfully submitted,  
Del. Mitchell Van Yahres, *Chairman*  
Sen. Walter A. Stosch, *Vice Chairman*  
Del. Beverly J. Sherwood  
Del. James M. Shuler  
Del. Lionel Spruill, Sr.  
Del. John H. Tate, Jr.  
Sen. Madison E. Marye  
Sen. H. Russell Potts, Jr.  
Sen. Kenneth W. Stolle

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**MEETINGS OF THE JOINT SUBCOMMITTEE STUDYING THE EFFICACY AND  
APPROPRIATENESS OF CREATING A SCHOOL INCENTIVE REWARD PROGRAM  
IN THE COMMONWEALTH (HJR 165)**

**Initial Meeting--10 a.m., Friday, August 30, 1996**

**House Room C, General Assembly Building, Richmond, Virginia**

*Review of initial staff briefing report: Kathleen G. Harris, senior attorney; Presentation: Bob Kyle, Virginia Manufacturers' Association*

**Second Meeting--10 a.m., Friday, September 27, 1996**

**House Room 4, State Capitol Building, Richmond, Virginia**

*Revision of the Standards of Learning/New Assessments; Ongoing Review of the Standards of Accreditation; and Incentives for School and Pupil Performance: Remarks by Catherine L. Clark, Division Chief, Policy and Public Affairs, Virginia Department of Education; The Use of Incentives to Improve School and Pupil Performance: Dr. Thomas B. Lockamy, Jr., Assistant Superintendent, Division of School Governance, Norfolk Public Schools; Mary D. Hackley, Director of Elementary Education, Roanoke City Public Schools; Roger Magerkurth, Principal, Wasena Elementary School (Roanoke City); David C. Blount, Virginia School Boards Association; Judith Singleton, Director, Office of Governmental Relations, Fairfax County Public Schools; Dr. Helen Rolfe, Commission on the Future of Public Education.*

**Third Meeting: Work Session--10:30 a.m., Thursday, December 19, 1996**

**6th Floor Conference Room, General Assembly Building, Richmond, Virginia**

*Accountability and the Use of Incentives to Improve School and Pupil Performance: Alan L. Wurtzel, Vice Chairman, Circuit City; former member, State Board of Education; member, HJR 196 Commission on the Future of Public Education*

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## HOUSE JOINT RESOLUTION NO. 165

*Establishing a joint subcommittee to study the efficacy and appropriateness of creating a school incentive reward program in the Commonwealth to recognize improved educational performance in public schools.*

Agreed to by the House of Delegates, February 13, 1996

Agreed to by the Senate, February 29, 1996

WHEREAS, as cited in the Standards of Quality for public schools of the Commonwealth, the Standards of Accreditation are "designed to provide a foundation for quality education," and these standards were established not only to ensure high quality educational programs, but also to promote public confidence, encourage continuous improvement in public schools, provide recognition by other learning institutions, and assist in assessing the effectiveness of schools; and

WHEREAS, acknowledging and rewarding improvement in pupil academic performance and in the delivery of educational services has received renewed focus, as some states, such as South Carolina, Kentucky, and Texas, have adopted incentive programs to recognize the continued commitment of students, parents, and educators to quality education; and

WHEREAS, while these incentive programs may reward exceptional educational performance of public schools or school divisions, they also recognize continued improvement toward excellence in education by those schools that may face special challenges prompted by low education and income levels, school overcrowding, lack of local ability or commitment to support public education, or high concentrations of special needs students, such as at-risk students or students for whom English is a second language; and

WHEREAS, school incentive rewards, made in the form of cash grants, are typically based on school and pupil performance criteria such as attendance and dropout rates, test scores, and enrollments in accelerated courses, and may be used by the recipient school for salary bonuses or professional development, or to supplement school improvement funds; and

WHEREAS, the creation of a similar school incentive program in the Commonwealth requires consideration of a variety of issues, including the appropriate criteria for determining improvement in educational performance, and funding sources for an incentive grants program; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study the efficacy and appropriateness of creating a school incentive reward program in the Commonwealth to recognize improved educational performance in public schools. The joint subcommittee shall consider (i) school incentive reward programs in other states; (ii) potential criteria, such as pupil academic performance, Literacy Passport test scores, student and teacher attendance rates, graduation rates, including minority graduation rates, percentages of graduates pursuing higher education, enrollments in particular courses or curricula, parental and community involvement, and cooperation between the school and relevant state and local agencies; (iii) the incorporation of school population information, such as the percentage of at-risk students, community education and poverty levels, local ability to pay, and school enrollments; (iv) propriety of grouping various schools in the application of reward criteria; (v) ways in which existing evaluation mechanisms, such as the Outcome Accountability Project, might be employed to collect the data necessary to assess improved educational performance; (vi) possible funding sources for such an initiative in Virginia; and (vii) such other issues as the joint subcommittee deems appropriate.

The joint subcommittee shall consist of 9 members as follows: 5 members of the House of Delegates to be appointed by the Speaker of the House; and 4 members of the Senate to be appointed by the Senate Committee on Privileges and Elections.

The direct costs of this study shall not exceed \$5,400.

The Division of Legislative Services shall provide staff support for the study. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request. The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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# 1997 SESSION

972623480

## HOUSE JOINT RESOLUTION NO. 433

Offered January 10, 1997

*Requesting the Commission on Accountability for Educational Excellence to examine and consider the recommendations of the Joint Subcommittee to Study the Efficacy and Appropriateness of Establishing a School Incentive Reward Program in the Commonwealth.*

Patrons—Van Yahres, Sherwood, Shuler and Tate; Senators: Marye, Stolle and Stosch

Referred to Committee on Rules

WHEREAS, recognizing that the Standards of Accreditation for Virginia's public schools were established to "encourage continuous improvement in public schools, and assist in assessing the effectiveness of schools" and noting renewed interest nationwide in ways to acknowledge and reward improvement in educational performance, the 1996 Session of the General Assembly adopted House Joint Resolution No. 165, establishing a nine-member joint subcommittee to study the efficacy and appropriateness of creating a school incentive reward program in the Commonwealth; and

WHEREAS, in pursuing its study objectives, the joint subcommittee sought the input and expertise of representatives of the education and business communities and reviewed school incentive reward programs in other states; and

WHEREAS, the joint subcommittee also considered potential reward criteria, such as pupil academic performance, Literacy Passport test scores, student and teacher attendance rates, graduation rates, including minority graduation rates, percentages of graduates pursuing higher education, enrollments in particular courses or curricula, parental and community involvement, and cooperation between the school and relevant state and local agencies; and ways in which existing evaluation mechanisms, such as the Outcome Accountability Project, might be employed to collect the data necessary to assess improved educational performance; and

WHEREAS, current incentive mechanisms and programs in the Commonwealth's public education system and the financial and policy implications of implementing a school incentive reward program in the Commonwealth also merited joint subcommittee attention; and

WHEREAS, incentives or consequences are an integral component of any educational accountability initiative, as are clearly stated educational goals and prompt and accurate information about progress toward these goals; and

WHEREAS, the Commission on Accountability for Excellence in Public Education (HJR 168), a two-year commission, is specifically charged with developing comprehensive plans for statewide student and teacher assessment and with making recommendations for "the accreditation of public schools which incorporates the revised standards of learning, and statewide student and teacher assessment goals," and clearly linked to these directives are consequences, whether in the form of sanctions or incentives to improve school performance; and

WHEREAS, any final recommendations regarding the creation of an incentive reward program may appropriately rest within the purview of this Commission, as its comprehensive study directives incorporate goals, assessments, and incentives or consequences; and

WHEREAS, the work and recommendations of the HJR 165 joint subcommittee might be appropriately referred to the Commission on Accountability for Educational Excellence for consideration in its continuing study in 1997; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Commission on Accountability for Educational Excellence (HJR 168) be hereby requested to examine and consider in 1997 the completed work and recommendations of the Joint Subcommittee To Study the Efficacy and Appropriateness of Establishing a School Incentive Reward Program in the Commonwealth (HJR 165); and

RESOLVED FURTHER, that the study directives of the HJR 165 Joint Subcommittee be incorporated in the work of the HJR 168 Commission on Accountability for Educational Excellence in 1997.

Official Use By Clerks	
<b>Passed By The House of Delegates</b>	<b>Passed By The Senate</b>
without amendment <input type="checkbox"/>	without amendment <input type="checkbox"/>
with amendment <input type="checkbox"/>	with amendment <input type="checkbox"/>
substitute <input type="checkbox"/>	substitute <input type="checkbox"/>
substitute w/amdt <input type="checkbox"/>	substitute w/amdt <input type="checkbox"/>
Date: _____	Date: _____
_____ Clerk of the House of Delegates	_____ Clerk of the Senate



