

To: Hon. Michael Huckabee, Governor
Hon. James B. Argue, Jr., Chair, Senate Education Committee
Hon. Calvin Johnson, Ed.D., Chair, House Education Committee

From: T. Kenneth James, Ed.D., Director, Arkansas Department of Education

Date: 20 October 2004

In Re: Study on Knowledge and Skills Based Pay Presented in Compliance with Ark. Code Ann. § 6-17-2404 [enacted by Act 59 of the 2nd Extra. Sess. of the 84th General Assembly]

Arkansas Code Annotated § 6-17-2404 [enacted by Act 59 of the 2nd Extra. Sess. of the 84th General Assembly] required that:

(a) The Department of Education shall prepare a study on a knowledge and skills-based teacher pay system and shall submit the study and recommendations to the Governor and the House and Senate Committees on Education not later than January 1, 2005.

(b) The study shall include, but not be limited to, a salary schedule, transition provisions, proposed amendments to existing law, and other provisions necessary to implement the system.

In compliance with this provision, the Department of Education submits for your review the attached documents.

As part of the mandated adequacy study, the Joint Committee on Educational Adequacy commissioned a report on Teacher Compensation. See *Lake View School District No. 25 v. Mike Huckabee*, 351 Ark. 33, 91 S.W.3d 472, 173 Ed. Law Rep. 248 (2002), *cert. den. sub nom. Wilson, J.L., et al. v. Huckabee, Gov. of Ark., et al.*, 538 U.S. ____ (2003) (Orders of May 19); *2003 Acts of Arkansas* No. 94. Attached as Exhibit A to this memo is a copy of that Report. In that report, the consultants hired by the Joint Committee recommended a teacher salary system that would base teacher pay upon the knowledge and skills acquired by the teacher. The proposal called for five skill levels, with the first two mirroring the State's current requirements for going from an initial teaching license to a standard teaching license.

Following the issuance of the Report, the Joint Committee formed an Ad Hoc Committee on Teacher Compensation. In the course of those meetings, Dr. Marc J. Wallace (the author of the Teacher Compensation Report) prepared a series of documents. Two of those

documents are attached. Exhibit B contains timelines and budgets for a pilot implementation of the Knowledge and Skills Pay system recommended in Exhibit A. Exhibit C is a summary of the research of the impact of Knowledge and Skills Based Pay systems on teachers, schools, and student achievement.

Going from the current method of establishing teacher salaries to a Knowledge and Skills Based Pay system would be a major undertaking in Arkansas. But Arkansas would not be the first to do so. At least two other states (and many school districts) have started linking pay with a teacher's knowledge and skills. Exhibit D is a recent presentation by Dr. Allan Odden of the University of Wisconsin, Madison, in which he discusses the changes being implemented in Idaho. These changes are extremely close to the recommendations made last summer in the Teacher Compensation Report. Exhibit E is a "White Paper" by Dr. Mario Rivera that discusses the three tiered licensing and compensation system that is being implemented in New Mexico.

The key to any Knowledge and Skills Based Pay system is the measurement of when a teacher has acquired the requisite assets to move from one pay category to another. Arkansas has already partially done this with its two-tiered licensing system and the administration of the PRAXIS III examination. (Arkansas has not, though, linked this two-tiered licensing system to differential compensation.) There are a few examples out there of how states can objectively measure when a teacher has achieved those assets. Attached, as Exhibit F, is the Connecticut system for doing that assessment of teachers.

Finally, in compliance with the reporting requirements, I am attaching as Exhibits HB 1099 and HB 1127, which were filed during the Second Extraordinary Session of the 84th General Assembly. These two bills established and funded a pilot and implementation system for the phase in of a Knowledge and Skills Based Pay system.