

Transforming Teacher Compensation

Dallas ISD's Journey to Performance-Based Pay

Research continues to underscore that [teachers are the single most important in-school factor](#) that impacts student outcomes. In an era of persistent teacher shortages, however, district leaders need to offer [strategic and competitive compensation](#) to attract and retain great teachers. A strategic approach to compensation can both increase potential earnings for the most effective teachers and catalyze deeper, [long-needed improvements in the core structure of the teaching role](#).

In Texas, the passage of [House Bill 3](#) in 2019 enabled leaders to implement the [Teacher Incentive Allotment](#) (TIA), which provides robust district support for building, expanding, and sustaining strategic compensation systems that differentiate teacher effectiveness across all content and grade areas. Districts that meet the qualifications for receiving the allotment can use this additional funding to advance their teacher retention and recruitment goals.

Dallas Independent School District (ISD), one of Texas' largest, previously shifted to performance-based compensation before TIA was established. Afterward, the district leveraged TIA funds to enhance their strategic compensation system, which they call the [Teacher Excellence Initiative \(TEI\)](#). TEI aligns teacher compensation with effectiveness through a comprehensive evaluation system. It serves as a critical example of the efficacy of strategic compensation systems.

With the availability of TIA funds, other Texas districts can similarly use this support to align their strategic goals, further enhance teacher quality, and ultimately improve student outcomes across the state.

District Snapshot

Located in Dallas, Texas

Serves 139,584 students
across 240 campuses

Employs 10,576 teachers
and 12,281 other staff

Student breakdown

- 85% of students are economically disadvantaged
- 65% of students are at-risk
- 47% of students have limited English proficiency



The Dallas Challenge

In 2014, Dallas ISD was facing the types of challenges that are common in many large, urban school districts, including:

- **Persistently low academic outcomes.** According to the [2014-2015 Texas Academic Performance Report \(TAPR\)](#), the district's [STAAR reading scores](#) were approximately 11% lower than the state average and 13% below the average for the region.
- **High rates of teacher turnover, especially in the highest-need schools.** The district's lack of a robust talent management system significantly contributed to difficulties recruiting, developing, and retaining highly effective teachers and campus leaders.
- **A lack of reliable data on teacher effectiveness.** The system lacked metrics on teacher effectiveness, hindering efforts to improve teacher distribution and quality discussions.
- **A compensation system that locked significant investments into pay for educators' years of experience and advanced education degrees.** For 22 years, the Dallas ISD determined teacher salaries primarily based on years of service and post-graduate education, failing to differentiate based on performance and student outcomes.

The Change in Approach

Under the leadership of then-Superintendent Mike Miles, Dallas ISD implemented a new strategic compensation system designed to identify and reward the district's best teachers and campus leaders, incentivizing them to teach at the schools with the greatest needs.

In 2014, the district launched the TEI as a replacement for the traditional salary schedule—which featured automatic “step” increases for virtually all teachers each year. Instead, TEI determined raises based on a salary schedule that includes nine effectiveness levels (see **Figure 1**) which are reviewed annually via teacher evaluations.

The system significantly transformed evaluation and compensation structures, prompting schools to collect comprehensive information about teachers and use this data for assessment, professional development, and salary determinations.



Figure 1: 2024-25 TEI Salary Schedule

Days	Unsat	Progressing		Proficient			Exemplary		Master
		I	II	I	II	III	I	II	
187/191	\$47,000	\$62,500	\$63,000	\$70,000	\$73,000	\$78,000	\$81,000	\$85,000	\$100,000
195	\$49,011	\$65,174	\$65,695	\$72,995	\$76,123	\$81,337	\$84,465	\$88,636	\$104,278
205	\$51,524	\$68,516	\$69,064	\$76,738	\$80,027	\$85,508	\$88,797	\$93,182	\$109,626
207	\$52,027	\$69,184	\$69,738	\$77,487	\$80,807	\$86,342	\$89,663	\$94,091	\$110,695
215	\$54,037	\$71,858	\$72,433	\$80,481	\$83,930	\$86,679	\$93,128	\$97,727	\$114,973

Note: To earn an evaluation rating of Proficient II or higher, teachers must go through the [Distinguished Teacher Review](#) process.

The theory behind TEI's strategy is that aligning pay with effectiveness boosts educator motivation and helps retain teachers long-term. As such, TEI defines and evaluates teacher excellence through three lenses: teacher performance, student achievement, and student experience surveys (see **Figure 2**). This comprehensive approach encourages and rewards excellence in and beyond the classroom. Under TEI, salaries are significantly higher than career-path-equivalent salaries in other local districts and offer substantial earning potential over several years.

Figure 2: Components of TEI Teacher Evaluation

Teacher Performance	Student Achievement	Student Experience
The rubric provides 17 indicators of teacher practice across four domains. It describes the specific behaviors that mark teaching excellence and performance levels along continuums for each indicator.	Weighted student achievement criteria are based on individual accountability and testing results. To measure this, Dallas ISD uses raw data scores and relative growth measures across students.	To encourage positive teacher-student relationships, students provide feedback on their classroom experience with their teachers through student experience surveys.



The Results

Increased Student Outcomes

Research shows that after TEI was introduced, [student achievement in core subjects steadily rose](#). While a comparable district's performance remained flat, Dallas ISD saw substantial gains between 2015 and 2019. Math scores improved notably, and reading scores also saw meaningful improvement.

"I think that changed this whole neighborhood. It made the school kind of a center of the neighborhood."
— Dallas ISD teacher since 2007

From the 2013-2014 to the 2017-2018 school year, more than 90% of struggling schools with the TEA's "Improvement Required" status were removed from the list due to increases in academic achievement.

Higher Value Proposition for Attracting Talent

Since 2014, teacher salaries have grown by more than \$15,000, far outpacing the traditional salary model in which increases are typically \$900 per year. A teacher with a salary of \$53,140 in the 2014-2015 school year, for example, would earn only \$61,240 by the 2023-2024 school year under the traditional model. In contrast, that teacher would make \$69,300 in 2023-2024 under the TEI model.

"It opened up salary jumps that you couldn't have possibly made on the old ladder system."
— Dallas ISD teacher since 2007

Improved Retention of Effective Teachers

Teachers rated Proficient I and higher have retention rates above 90% in all years of TEI implementation, compared to 77-82% for teachers rated Progressing II or lower. This means the highest-performing teachers are most likely to return each year.

Additionally, some of these top teachers serve as mentors in the district, and leaders have created new positions for Distinguished and Designated teachers, such as Demonstration Teachers who receive additional release time to support newer teachers and Instructional Lead Teachers. These roles encourage long careers in the classroom.

"I was like, wow, they're going to reward teachers. And for me [the system] just works perfectly because I don't want to be in the administration because I don't have the passion to be an administrator...my passion is to teach the kids."

Dallas ISD teacher since 2004

How Dallas Pulled Off This Dramatic Shift

1. Clear Parameters for Evaluating Effectiveness

When implementing TEI, Dallas ISD leveraged valuable research to successfully overcome challenges. Calibrating the evaluation system, for example, posed difficulties, specifically around determining the appropriate weight for components like student achievement, student surveys, and classroom observations.

Leaders drew on insights from the [Measures of Effective Teaching \(MET\) project](#), which found that including student achievement as 35-50% of a teacher's overall evaluation—along with classroom observations and student surveys—provided a strong and consistent predictor of student success. Using this guidance, Dallas ISD leaders established their own weights: 35% for student achievement, 15% for student surveys, and 50% for observations.

This research-driven approach enabled leaders to create a robust and effective evaluation system. To further support teachers, school leaders also conducted spot observations, providing more frequent feedback opportunities to foster continuous improvement.

"It [The TEI Evaluation System] made me more aware of the data and more focused on what I needed to improve."

Dallas ISD teacher since 2004, rated Exemplary in the 2015-2016 school year

2. Effective Stakeholder Engagement

Gaining leadership and teacher buy-in was a hurdle for Dallas ISD leaders. Overcoming longstanding ideologies about teacher compensation required continuous dialogue and evidence of TEI's benefits.

Initially, assistant superintendents and executive directors presented early TEI plans to all campuses, fielding questions and suggestions to inform the system design and implementation. Teacher focus groups met monthly to provide input on initial plans, while the TEI Implementation Committee—which included teachers, principals, parents, community members, representatives of teacher organizations, and central office staff—also offered input and suggestions. Additionally, a beta group of 25 principals from across the district field-tested performance, achievement, and survey components of the evaluation framework, contributing to professional development planning.

Leaders launched a dedicated website in 2012 to provide information about the teacher evaluation system and send regular email newsletters to teachers and principals starting in April 2015. Today, the Human Capital Management Department remains accessible and responsive, fielding teachers' phone calls and emails. District leaders also present updates to the Board of Trustees and communicate modifications to all key stakeholders.

Currently, Dallas ISD maintains ongoing engagement and feedback. Considered the most important voices, teachers have early and continual input into the system. “As you’re implementing a new system, you need someone at the campus level who understands the system and is seen as an advocate for the teachers, not for the system,” said a Dallas ISD teacher since 2013, who served as TEI Expert and TEI Ambassador. For each campus, for example, principals identify 2-4 “TEI Experts”—teachers who are often critical of the system and willing to improve it. Teachers elect one Expert and principals select the others, and each Expert receives a \$500 annual stipend.

This engagement has significantly helped align key stakeholders’ perspectives with the goal of strategic compensation. In a spring 2017 survey, 61.7% of Dallas ISD teachers agreed with the statement, “My salary should be based on how effective I am as an educator,” while only 14.8% disagreed.

3. Cost-Saving Resource Shifts and Sustainability Measures

Dr. Terry’s statement about cost-neutrality might initially seem hard to believe, but it underscores a fundamental truth about compensation design: Prioritizing effectiveness as the driver for salary increases—instead of additional years of experience—didn’t inherently cost Dallas ISD more money. Compared to their previous experience-based system, the key difference in this new model wasn’t in how much they spent, but in how they allocated those funds.

In the first year of implementing TEI, Dallas ISD leaders also received a 9% increase in local revenue, totaling approximately \$78 million more than in 2014-2015. District leaders used \$20 million of this additional funding to raise teachers’ starting pay from \$47,382 to \$50,000, introduce a performance-based compensation structure, and increase salaries for teachers who opted to remain on the step-and-lane schedule during the first year of implementation.

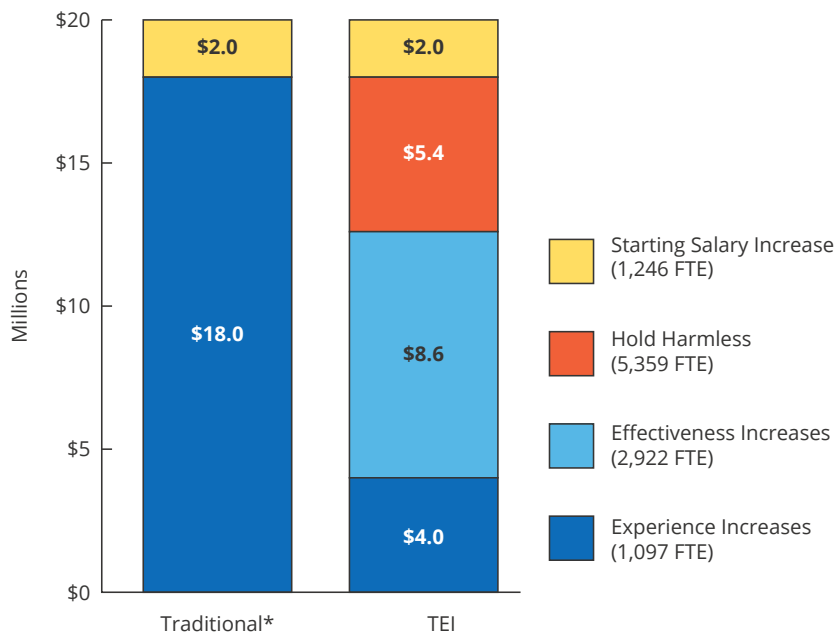
“It took no additional money to move the teachers off the traditional years-of-experience pay ladder.”

Dr. Jim Terry

Former CFO of Dallas ISD, [*Miles to Equity*](#)

As shown in **Figure 3**, the additional \$20 million that leaders spent on effectiveness-based increases, higher starting salaries, and experience increases for non-TEI teachers was comparable to what they would have spent in experience increases on the traditional experience-based system. Rather than spending nearly \$18 million more on experience-based increases for more than 9,300 teachers, Dallas ISD leaders reallocated \$8.6 million toward effectiveness-based increases and \$5.4 million as a hold harmless measure to ensure no teacher’s salary fell below their 2014-2015 level, as determined by their new ratings. This approach allowed Dallas ISD leaders to strategically manage resources while maintaining budget stability.

Figure 3: Breakdown of \$20 Million Spending Increase on Teacher Salary in SY15-16.



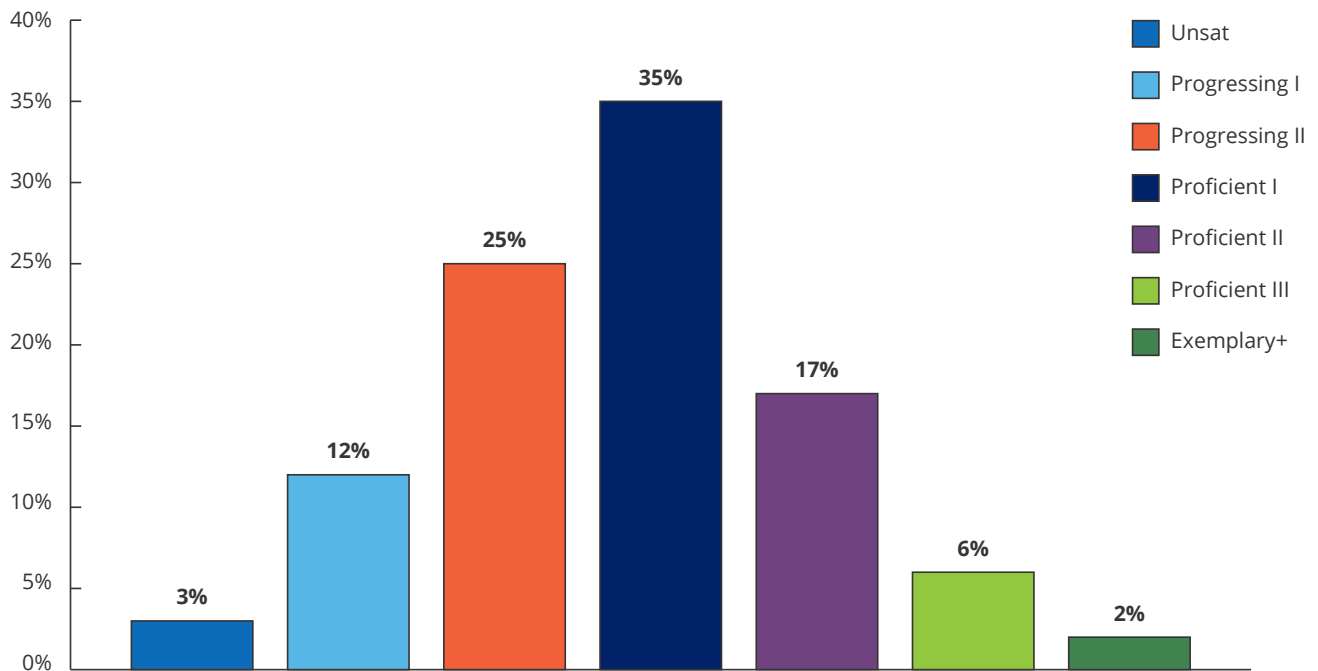
*The "Traditional" bar shows hypothetical spending if the 10,624 FTEs in 2015-2016 were on Dallas ISD's step-and-lane pay scale, with raises based on experience and education.

Beyond these resource adjustments, Dallas ISD leaders implemented additional measures to ensure TEI's long-term sustainability as it continues to evolve. During the first two years of TEI, for example, leaders put a cap of \$5,000 on annual increases, ensuring that the salary increases for effective teachers were still financially viable for the district.

To protect their budget against evaluation fluctuation, leaders also maintained a target distribution of teachers across effectiveness levels. The target formed a bell curve, with minimum and maximum evaluation scores—or "cut points"—for each rating (see **Figure 4**). By determining this distribution in advance, district leaders can control the number of teachers that advance levels each year and set salary levels that don't dramatically shift the total cost of compensation. Except for small annual adjustments, this distribution stays relatively consistent yearly.



Figure 4: Example Target Distribution and Effectiveness Level Cut-Off Points



Example Effectiveness Level Cut Points*

Unsat	Prog I	Prog II	Prof I	Prof II	Prof III	Exemplary+ ^{**}
0-43	44-56	57-68	69-81	82-90	91-99	100-120

*Teacher evaluations are scored out of 100, with cut points determining effectiveness levels. In the Distinguished Teacher Review, teachers can earn up to 20 additional points for Leadership, Lifelong Learning, and Contributions to the Profession.

**Exemplary+ includes Exemplary I, Exemplary II, and Master Effectiveness levels.

“The standardized curve and cut point changes are a big thing to get through to teachers. Make sure you emphasize that cut points are going to change every year to maintain financial stability... and that’s a good thing because what we believe is going to happen is that our teachers are going to get better.”

Dallas ISD teacher since 2013

4. Equity, Responsiveness, and Fairness

Early on, some Dallas ISD teachers were concerned about whether they'd be treated fairly under the new evaluation system, particularly around the student survey component. One teacher who served as a TEI Expert during the transition shared that teachers would express concerns like, "If I taught home economics, students would like me more. But because I teach English, students aren't as excited to see me."

To address these concerns, Dallas ISD leaders categorized teachers into four teacher categories based on the availability of student survey results and achievement statistics (see **Figure 5**). Evaluative components are weighted differently across these categories, minimizing unintended variation based on what and where a teacher teaches.

Additionally, the system applies the target distribution separately to each of the four categories, ensuring all teachers have an equal chance of receiving a designation, regardless of the subjects or grade levels they teach. By setting cut points in advance and applying them after students submit evaluations ensures consistent treatment and a normal curve. Because the cut points change every year, however, it continues to be vital for leaders to clearly communicate these changes to teachers.

Figure 5: TEI Teacher Categories and Evaluation Component Breakdown

Teacher Category	Teacher Performance	Student Achievement	Student Experience
Category A Most grade 3-12 teachers whose students take a NWEA MAP Growth Assessment, ACP, and/or STAAR.	50%	35%	15%
Category B Most grade 1-2 teachers whose students take a NWEA MAP Growth Assessment.	65%	35%	0%
Category C Most grade 3-12 teachers whose students don't take an ACP, MAP Growth Assessment, or STAAR but who are able to complete a student survey (e.g., CTE teachers, elementary specials).	65%	20%	15%
Category D Any teacher whose students don't take an ACP, MAP, or STAAR nor are eligible to complete a student survey (e.g., Pre-K/K teachers, teachers not-of-record such as SPED inclusion teachers, TAG teachers).	80%	20%	0%

Each year, the Evaluation and Assessment Division of Dallas ISD implements a program evaluation and reviews all components of TEI, including compensation system results, teacher retention, and student perceptions. The group then makes recommendations for improvements based on their feedback and data analysis, adjusting the evaluation criteria annually to reflect how teachers experience the system. The process helps ensure the compensation model remains fair and effective.

District leaders also adjust TEI to protect teachers in circumstances that disrupt normal operations. During the COVID-19 pandemic, for example, leaders didn't calculate local, state, and national teacher- and school-level standardized assessment measures as part of teachers' TEI evaluations. They also didn't include student experience surveys during that time. Instead, returning teachers were eligible for a differentiated flat rate increase ranging from \$1,250 to \$2,000, based on the greater of their existing effectiveness levels or Teacher Incentive Allotment (TIA) designations. This modified system ensured that teachers weren't held accountable for the pandemic's impact.

Changes Over Time

Over the years, Dallas ISD leaders have strategically adjusted their compensation system in response to evolving financial conditions and market demands, ensuring that teacher salaries remain competitive and reflect teachers' effectiveness. To attract early career teachers for the 2015-2016 school year, for example, leaders raised the starting salary to \$50,000—significantly higher than the district's prior year starting salary of \$47,382.

Occasionally, the Board of Trustees also approves additional 1.5-3% across-the-board salary increases to ensure the compensation system consistently rewards teachers who remain effective, even if they didn't advance to a new level (see **Figure 6**).

Figure 6: Comparison of Salaries by TEI Effectiveness Level Between SY15-16 and SY24-25

TEI Rating	2015-16	2024-25	% Increase	% of Teachers	% of New Investment
Unsatisfactory	\$47,000	\$47,000	0%	3%	0%
Progressing I	\$51,000	\$62,500	23%	12%	12%
Progressing II	\$53,000	\$63,000	19%	25%	21%
Proficient I	\$56,000	\$70,000	25%	35%	41%
Proficient II	\$60,000	\$73,000	22%	17%	19%
Proficient III	\$65,000	\$78,000	20%	6%	7%
Exemplary I	\$74,000	\$81,000	9%	2%	1%
Exemplary II	\$82,000	\$85,000	4%		
Master	\$90,000	\$100,000	11%		

Leveraging TIA Strategically

After the TIA was introduced in 2019, Dallas ISD leaders mapped their TEI effectiveness levels onto the TIA designations (see **Figure 7**)—which was doable because TEI met qualifications for a local designation system. These incentives support the district's goals of encouraging effective teachers to move to schools with the highest need. All teachers—except those rated unsatisfactory—receive a raise for improving their TEI effectiveness level, but only the top 25% are eligible for TIA designations.

Figure 7: TEI Effectiveness Levels and State TIA Designation Crosswalk

TEI Effectiveness Level	TIA State Designation
Unsatisfactory	Not Eligible
Progressing I	
Progressing II	
Proficient I	
Proficient II	Recognized
Proficient III	Exemplary
Exemplary I/II, Master	Master

Dallas ISD leaders leveraged TIA funds to introduce the [High-Priority Campus \(HPC\) Program](#) and expand equitable access to highly effective teachers and [Accelerating Campus Excellence \(ACE\) campuses](#), where highly rated teachers can earn up to an additional \$18,000 in stipends annually (see **Figure 8**).

Figure 8: ACE and HPC Stipends Pre-TIA vs. Post-TIA

TEI Effectiveness Level/ State TIA Designation	ACE Pre-TIA 2019–20	ACE Post-TIA 2020–21	HPC Post-TIA 2020–21	ACE 2024–25	HPC 2024–25
TEI Unsatisfactory, Progressing I/II, or No TIA Designation	\$6,000	\$4,000	\$–	\$4,000	\$–
TEI Proficient I	\$8,000				\$4,000
Distinguished Teacher Review Eligible					
TEI Progressing II	\$6,000	\$12,000	\$4,000	\$4,000	\$–
TEI Proficient I	\$8,000				\$4,000
TEI Proficient II or TIA Recognized	\$10,000	\$15,000	\$6,000	\$12,000	\$6,000
TEI Proficient III or TIA Exemplary				\$15,000	\$7,500
TEI Exemplary I/II & Master or TIA Master				\$18,000	\$9,000

“[ACE Stipends] are a huge incentive for somebody to go to an ACE campus because they could make a big difference!”

Dallas ISD teacher since 2007

Lessons Learned

1. Retention is the key to recruitment.

Retaining effective teachers minimizes the need for extensive recruitment efforts. In Dallas ISD, offering competitive compensation has been key to retaining teachers and maintaining district stability. While teacher turnover has increased, Dallas ISD's turnover rate is now 1.3% lower than the state average and 3.6% lower than districts in the region, despite Dallas ISD having a higher percentage of high-poverty campuses.

"The best recruitment strategy is a robust retention strategy."

Suzy Smith

Executive Director, Performance
Management at Dallas ISD

2. Commitment and execution are critical.

Districts must clearly define and communicate what effective teaching looks like and consistently support teachers in achieving these standards. Sticking to the strategic compensation plan, despite challenges, ensures long-term success and improvement in teacher effectiveness and student outcomes.

3. Districts must determine what they're willing to forgo to sustain strategic compensation.

Aligning all initiatives with the district's philosophy on compensation and talent is essential. For Dallas ISD, this meant reallocating funds from campus activity stipends to teacher salaries and eliminating pay for advanced degrees, as research shows that [advanced degrees have no significant impact on student achievement](#).

4. Ensure that teachers won't face salary reductions in the first year.

Dallas ISD assured teachers that during the transition to strategic compensation, their pay wouldn't fall below their 2014-2015 amounts, nor would they face a reduction in pay for a lower level unless their rating was low for three consecutive years. This provided stability and built teachers' trust in the new system.

5. Create clear paths to higher compensation.

The TEI compensation structure offered all teachers, including those with decades of experience, the opportunity to earn more. A veteran Dallas ISD teacher who supports others in advancing through the system noted, "If you get to Exemplary or Master, you're still higher than what the career ladder ever was." In the 2015-2016 school year, for example, a teacher rated at Master effectiveness could earn a base salary of \$90,000. In contrast, a teacher at the highest step on the traditional step-and-lane salary schedule—with more than 40 years of experience and a doctorate degree—would earn only \$78,200 in base salary.

Looking Ahead

Dallas ISD leaders are looking beyond compensation to develop a comprehensive recruitment model that includes various pipeline initiatives to attract a diverse teaching force reflective of the student body. Hiring candidates who are a good fit for the district has proven to be a strong predictor of long-term retention and effectiveness.

Next, leaders will implement strategies for better supporting novice teachers. The district currently has a mentor program and a New Teacher Academy to support induction, but leaders plan to continue evolving their strategy and learning from other districts to enhance their approach and ensure longer-term teacher retention and sustained effectiveness.

