## Fall Webinar Series

# Just Released: NBOA's Mission-Anchored Compensation Project

October 26, 2023, 3:00 PM - 4:00 PM ET



## **Presenters**



Patrick Schuermann, Ed.D., Research Lead Industry Partner and Content Expert



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Executive Director
Edward E. Ford Foundation



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James Palmieri, Ed.D., Project Lead Executive Vice President NBOA

# **Session Outline**

**Background and Rationale (Palmieri)** 

**Importance** (Gulla)

**Research Findings (Schuermann)** 

**Implementation Considerations (Dabney)** 

**Case Studies and Related Resources (Palmieri)** 

#### NBOA To Launch Research on Innovative Faculty and Staff Compensation Models

A grant from the Edward E. Ford Foundation will enable data collection and resource development to help independent schools reshape their compensation structures.

May 3, 2022











Jeffrey Shields, FASAE, CAE NBOA President and CEO

democratic society.

If independent schools can agree on one thing, it is that a school's faculty and staff are indispensable in the quality delivery of the mission. Consequently, at the vast majority of schools, compensation is the largest expense. And yet most schools follow a traditional model of faculty compensation wherein the teachers with the longest tenures and most degrees attained are paid the most, regardless of classroom success. Without clear alternatives or guidance in implementing new systems, it is difficult for schools to change their traditional practices and continue to offer competitive compensation for high quality faculty.

I'm pleased to announce NBOA is undertaking a new initiative to provide schools with the aforementioned clarity and assistance, thanks to a generous Special Grant from the Edward E. Ford Foundation. The E.E. Ford Foundation seeks to improve secondary education by supporting U.S. independent schools and encouraging promising practices, and occasionally awards Special Grants in support of projects that have the potential to influence secondary education more broadly and positively affect our

# Rationale: Why This Research, Why Now

- A school's faculty and staff are indispensable in the quality delivery of its mission.
- At the vast majority of schools, compensation is the largest expense, and yet most schools follow a traditional model wherein the teachers with the longest tenures and most degrees attained are paid the most, regardless of classroom success.
- Without clear alternatives or guidance in implementing new systems, it is difficult for schools to change their traditional practices and continue to offer competitive compensation for high quality faculty.
- Securing the highest quality faculty is crucial to the long-term vitality of independent schools sector-wide, especially during a time of shifting labor demands and educational markets.
- Independent schools are currently seeking to reaffirm and reimagine who they are within a context that demands thoughtful allocation of finite resources, these resources are well-timed to foster growth, sustainability, and excellence in independent schools nationwide.

Schools that seek to make changes to their compensation systems without engaging in a collaborative, flexible, and wellcommunicated process run the risk of failing to institute sustainable change, or worse yet, possibly souring relationships with administrators, faculty and staff.

# E.E. Ford "Special Grant" Recipient

Why is this research important to the PK-12 Independent School Community?





NBOA is the only national nonprofit membership association focused exclusively on supporting independent school business officers and business operations staff while fostering financial and operational excellence among independent PK-12 schools. The association has grown from 23 founding member schools in 1998 to more than 1,500 member schools from the U.S., Canada, Mexico and 23 other countries.



The Edward E. Ford Foundation seeks to improve secondary education by supporting U.S. independent schools and encouraging promising practices. Since its inception in 1957, E. E. Ford has awarded more than 2,200 grants approximating \$125,000,000 to over 900 different schools and associations. The foundation occasionally awards Special Grants outside its usual grantmaking in support of projects that have the potential to influence secondary education more broadly and positively affect our democratic society.

# **Introduction of Research Deliverables**

- A white paper that distills our research findings
- An **implementation guide** to support school teams as they consider refinements to their own compensation system
- A set of case studies that provide school-specific examples of promising practices

All three primary deliverables have been informed by a combination of quantitative and qualitative data collection and analysis methods, including a survey, focus group conversations, school-based interviews, database and artifact analysis, and reviews of the research literature.

Throughout the project, we are grateful to have leveraged an advisory team comprised of independent school heads of school, chief financial officers, human resources directors and subject matter experts.



#### Mission-Anchored Compensation Strategies Resources

all resources developed from NBOA'
Mission-Anchored Compensation
Strategies research, including:

- Research Findings
- Case Studies
- Additional Tools
- Live Programs
- Additional Resources (e.g., webinars, articles, sample policies)
- Related Forum Discussions

# **Intentionality of Research Methods**

**Each independent school is a uniquely complex organization** comprised of many inter-dependent systems.

Every independent school is situated within an ecosystem of other school and employment options, from local to global.

**Every person is motivated by multiple priorities**, that evolve over time through life stages.

Broader societal shifts are impacting labor trends.



**Because** compensation systems are nested at the intersection of so many forces, any alterations to them need to be mindful to not just the technical aspects of change, but also the deeper, cultural, adaptive elements that involve the hearts, minds, values, loyalties and relationships at the center of our missiondriven institutions.

# Data Collection Phases, Methods and Scope

1. Landscape Analysis Preparation

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- 2. Survey Design, Administration, and Analysis
- 3. Focus Group Conversations
- 4. Individual Follow-Up Interviews

TABLE 1. Percentage of Independent Schools Included in Study By Type of School

Type of School	Survey (%)	Focus Groups (%)	Follow-up Interviews (%)
Boarding only	0.7	0	0
Boarding-day	7.9	8.6	13.3
Day only	84.2	84.5	66.7
Day-boarding	7.2	6.9	20
Total number	405 schools	58 schools	15 schools

Note: Boarding-day and day-boarding schools have both day and boarding students. Enrollment in boardingday schools is mostly boarding students and enrollment in day-boarding schools is mostly day students.

**Scope of Roles** 

- 1. Member of the leadership team / school administrators
- 2. Faculty and classroom-based instructional personnel
- 3. Support staff including all other salaried but not director-level staff

The operating budgets of schools responding to the survey ranged from less than \$1 million to greater than \$50 million.

Among schools participating in the survey, there was nearly equal representation across student enrollment categories, with the lowest proportion of respondents



representing schools where student enrollment was between 500 and 799 and the highest proportion



representing schools that enrolled fewer than 300 students.

# Early Research Takeaways: Innovations in Compensation Systems and Benefits

Amidst a backdrop of enduring and emergent challenges that schools face in meeting the expectations of current and prospective employees, participants were equally adept at sharing ways they are working to find creative solutions and innovative responses via their compensation and benefits systems.

What works as an innovative solution in one setting would potentially not work in another school community. **There are no "silver bullets" that can be applied uniformly.** Instead, a wide array of promising practices surfaced that are worth consideration.

At the outset of our yearlong study, we imagined a scenario where we very well might discover a new model of compensation. However, what we found instead were promising practices and innovations within the individual components of a total compensation system, of which a particular model is one element.

# **Definitions of Common Salary System Types**

In a **step and lane salary system**, faculty and staff with similar qualifications, such as years of experience and degrees earned, are paid the same.

In a **banded salary system**, each individual is placed within a band that has an associated minimum and maximum pay. The criteria for bands can include a wide range of factors, including years of experience and degrees, but also many other elements.

In a **performance-based salary system**, compensation is based on specific criteria which could include measures of teacher effectiveness or impact, or student or team performance.

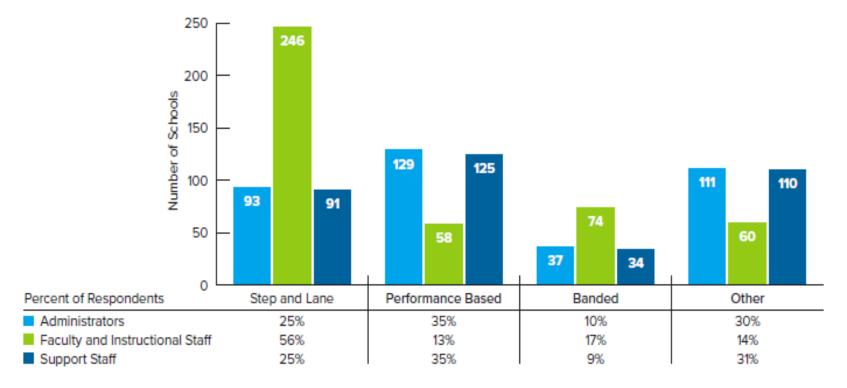


# **Poll Question #1:** What type of salary system does your school currently use?

- A. Step and Lane Salary System
- B. Banded Salary System
- C. Performance-Based Salary System
- D. Other / Combination
- E. I Don't Know

# TRENDS IN COMPENSATION AND BENEFITS: SURVEY FINDINGS

FIGURE 1: Types of Salary Schedules for Administrators, Faculty and Instructional Staff, 2021–22 School Year



Compensation
systems can be
powerful levers to
support professional
growth that is aligned
with the mission of
the school.

TABLE 3. Percentage of Schools Offering Benefits by Type of Benefit and Position, 2021–22 School Year

	Benefit Type	Administrators	Faculty	Support Staff	Si	gni
	Group medical insurance	95	96	95		
	Defined benefit or defined contribution retirement plan	93	93	91		
	Paid professional development	93	56	55		A
	Paid sick leave	92	92	92		
	Group life insurance	91	90	89		
	Paid time off	88	67	86		Te
	Tuition remission	80	81	76		
	Paid maternity leave	65	65	65		
	Paid paternity leave	56	56	55		
	Tuition assistance for personnel	52	62	46		Te
	Subsidized meals	38	38	39		
	Housing or rental assistance	21	19	10		St
	Subsidized transportation	7	6	95		St
	Student loan repayment	1	1	1		

#### **Significant Distinctions Exist**

**Administrators higher** 

**Teachers lower** 

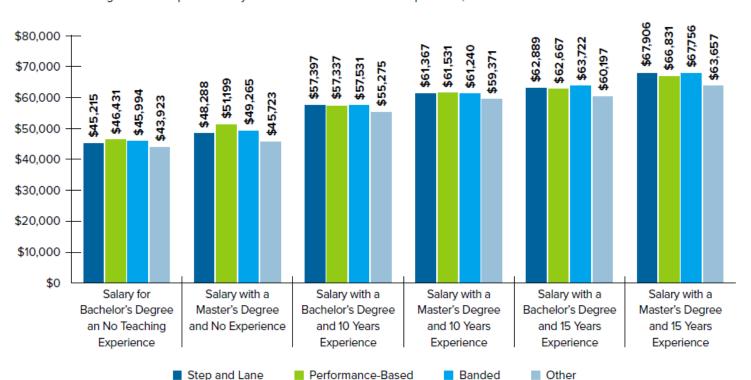
**Teachers higher** 

**Staff lower** 

**Staff higher** 

# **Trends in Compensation and Benefits**

FIGURE 3: Average Total Compensation by Educational Attainment and Experience, 2021–22 School Year



Consistent across all types of compensation systems, average and median total compensation increased with educational attainment and experience for faculty and instructional staff, reflecting how common, and perhaps influential, the step and lane salary structure still is.

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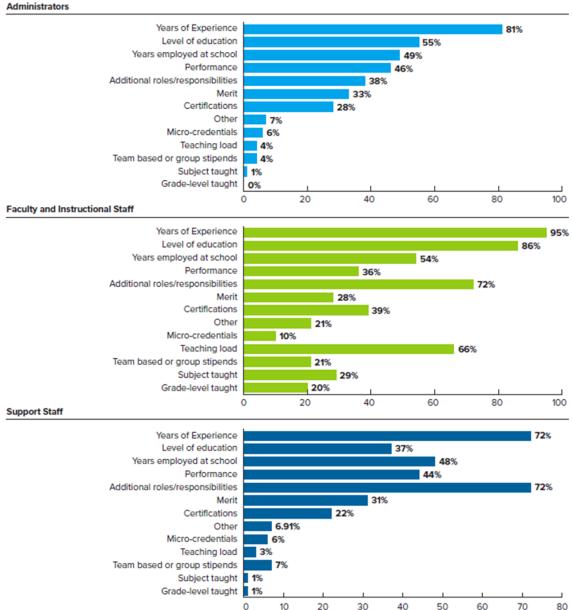


For teachers with
10 or more years of
experience, there
was not a statistically
significant difference
in average total
compensation of
teachers among
step and lane,
performance-based,
and banded salary
structures.

# Mechanisms for Determining Pay

- Years of Experience (Highest, but nuanced)
- Level of Education (2nd highest, but nuanced)
- Additional Roles/Responsibilities (High for faculty & staff, low for admin)
- Performance and Merit (Lower for faculty)
- Certifications & Micro-credentials (Higher for faculty than staff & admin)
- Team Based or Group
  Stipends (Higher for faculty than staff &

FIGURE 2: Determinants of Compensation for Administrators, Faculty and Instructional Staff, and Support Staff, 2021–22 School Year



# Benchmarking

- The most common benchmarks for setting **base salaries** and **benefits** were operating within the **school budget** (98% and 97%) and salaries at **other independent schools** (96% and 94%).
- Schools often benchmark salaries at other independent schools by using aggregate salary data made available by national, regional and state associations that use legally sound data collection and aggregation methods.
- Schools were less likely to use benchmarks for setting the amount of cash bonuses and stipends, but for those
  that did, most also relied on operating within the school budget (91%) and benchmarks of cash bonuses and
  stipends at other independent schools (74%). Schools also reported using total compensation to help create the
  desired school culture.

Schools that made recent revisions to their compensation system had similar total compensation, on average, for faculty and instructional staff as schools that had not made a recent change.

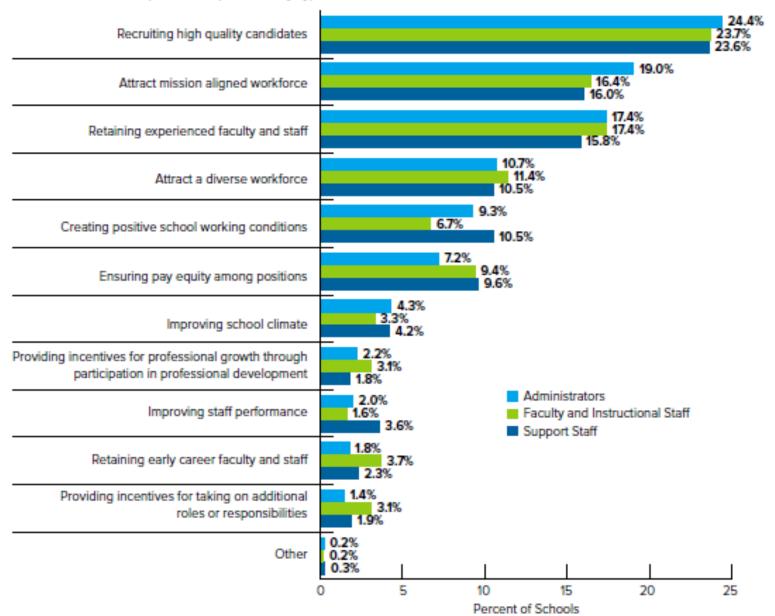
TABLE 5. Percentage of Schools Using Benchmarks To Set Components of Total Compensation

Potential Benchmark	Base Salaries	Cash Bonuses/ Stipends	Benefits
Benchmarks at public schools	85.4	57.0	75.8
Benchmarks at independent schools	95.8	74.3	93.6
Benchmarks of other occupations	77.8	56.6	77.8
Creating the desired school culture	93.3	87.4	95.3
Operating within the school's budget	97.5	90.6	96.8

# **Poll Question #2:** What is the <u>primary</u> intended impact of your school's compensation strategy?

- A. To <u>recruit</u> high quality, mission-aligned candidates
- B. To <u>retain</u> experienced faculty and staff
- C. To attract a <u>diverse</u> workforce
- D. Ensuring pay equity among positions
- E. Improving school climate and performance

FIGURE 5: Intended Impact of Compensation by Type of Educator, 2021–22 School Year



Schools with a performance-based salary system indicated slightly different intended outcomes than schools with a step and lane structure.

More prevalent goals for admin and staff include improving performance, school climate, and ensuring pay equity.

For faculty, goals include incentives for added roles, professional growth, and improved performance.

# **Trends in Recent Salary System Changes**

Schools are moving to banded salary systems because they are seeking more flexibility moving employees through the salary scale, providing some allowance for higher percentage salary increases for strong performers, while still operating in a structure perceived as transparent and fair to all.

Schools with a banded salary schedule reported achieving outcomes related to maintaining a mission aligned workforce for both administrators and faculty at significantly higher rates than schools with a step and lane structure.

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# Focus Group Findings: Challenges Meeting the Financial and Cultural Expectations of Faculty & Staff

Job Market I Financial Expectations I Cost of Living Finding Specialists I Flexibility I Demand for Professional Growth

#### Traditional Expectations

- Competitive Salary
- Professional Development
- Affordable Housing
- Supportive Environment

#### **Emerging Expectations**

- Work from home opportunities
- Wellness/mental health considerations
- Focus on DEIJ Issues
- Schedule Flexibility
- Stipends for Extra Duties
- Additional PTO





# Focus Group Findings: A Move Towards Highlighting Total Compensation

For administrators and faculty and instructional staff, approximately 80% of total compensation came from base salary, 2% came from bonus or stipends, and the remaining 18% came from benefits, regardless of salary structure.

#### Base Salary Structure



**Bonuses** 



Benefits That Offset Cost



Costs the Candidate Will Bear



TOTAL FINANCIAL COMPENSATION

- Step and lane
- Banded
- Performance or merit based
- Algorithmic
- Standardized annual raises (amount or percent)
- Equity based adjustments
- Based on scope of influence or contributions
- Cost-of-living adjustment (COLA)

- Recruitment
- Retention
- Subject or specialty area (hard to staff)
- Certification based
- Location based
- Discretionary/ performance or merit based
- Unused paid time off (PTO)
- Stipends for an array of "additional" duties

- Housing/moving stipend
- Transportation stipend
- Tuition remission
- Student loan repayment
- Graduate school support
- Free/subsidized lunch
- Professional development opportunities
- Health insurance
- Retirement

- Housing and moving costs
- Transportation costs
- Cost of living in a specific area

An overriding consensus among focus group participants emerged: namely, that schools need to find ways of messaging the full value of their compensation package.

# Trade-Offs When Designing a Compensation System

School leaders who participate in the hiring process and regularly make job offers to candidates have found that these factors made the total compensation offer, which might include a lower-than-average salary in their market, appealing to candidates:

- ❖ Paid time off. "Our teachers get two days a year, and I think if we offered even three, they'd take a 10% pay cut. It's wild how much days off are valued."—HR Director at a day school in the West
- Emphasis on diversity, equity and inclusion. "At least in this part of the world, the meaningful emphasis on diversity, equity and inclusion is super important."—CFO at a day school in the West
- ❖ A focus on mental health. "I think these days teachers don't want to be overworked. It's just not worth the money for them. We are offering extra and meaningful emphasis on mental health, which is so important these days, especially since the pandemic." —HR Director at a day school in the Mid-Atlantic
- Stipends. "Personally, it's like a whole extra job figuring out stipends as opposed to just base salary. The emphasis on stipends has exploded in the last five years. So, I think that element would outweigh the extra base salary."—CFO at a day school in the Mid-Atlantic
- ❖ Student loan repayment. "I think student loan repayment is a real issue. And so, I think that lower salary offset by discretionary bonuses, student loan repayment, and mental health would be attractive." —CFO at a day school in the Southeast

# **Trade-Offs When Designing a Compensation System**

While it is impossible to suggest there is an ideal combination of elements of a compensation system, we are learning that in response to a variety of school-specific factors, the following elements can be considered to best meet the needs of both the school (mission/vision/strategic priorities/needs) and applicants (hopes/needs):

- The amount of base salary relative to any number of benchmarks
- The way base salary is calculated and what counts in setting it
- The way additional moneys are earned, what counts, using what measures
- \* The combination of benefits offered; there is wide variance based on market
- The flexibility of the system and responsiveness to individuals' professional and personal needs as they change over time
- \* The culture and reputation of the school, which is related to work/life/wellness

Attractive compensation systems consider the employee as a whole person and do not just consider compensation as a transaction trading salary for employee effort.

# **8 Key Considerations For The Future**

- 1. Tradition and Change: Navigating the nexus of tradition and change is difficult, no matter the issue at play.
- 2. Mission-Anchored and Workforce Responsive: How might we continue to remain anchored in our mission while being responsive to changing dynamics?
- 3. Balancing Flexibility with Manageability: Across our study, school leaders grappled with the tension of creating systems tailored enough to recognize the individual wants or contributions of employees, while remaining streamlined enough to be sustainable and transparent.
- 4. Promoting Equity and Transparency: Compensation systems, and any changes to them, can be vehicles for building trust within a school community.

# **8 Key Considerations For The Future**

- 5. Market Matters: Each school exists within a unique ecosystem of options
- **6. Balancing Financial Compensation with Other Forms of Recognition:** Coupling financial compensation with other forms of recognition is a powerful combination to foster employee motivation and engagement.
- 7. Should I Stay or Should I Go: What draws someone to a school, keeps them at a school, or might lead them away from a school are related, but distinct.
- 8. Communicating the Value of Total Compensation: Schools competing for talent must effectively communicate that the full value of their total compensation system, and cultural quality, are commensurate with other job opportunities.



# Transitioning to Implementation

Just Released: NBOA's Mission-Anchored Compensation Project



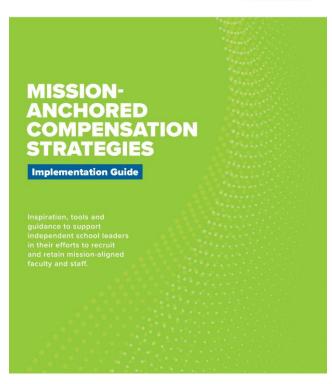
## Mission-Anchored Compensation Strategies: Implementation Guide

Inspiration, tools and guidance to support independent school leaders in their efforts to recruit and retain mission-aligned faculty and staff.

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#### NBOA



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Find all resources related to NBOA's Mission-Anchored Compensation Strategies research at nboa.org/compensation.

# **Implementation Considerations**

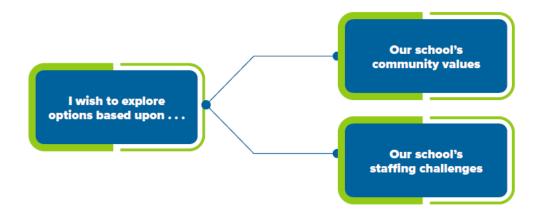
Schools that intend to make changes to their compensation systems should consider these factors prior to selection and implementation of a system:

- School Values and Strategic Goals
- Equity and Prioritization
- An Inclusive Process
- Compensation Committee/Task Force Consideration
- Change Management Practices
- Pay Transparency

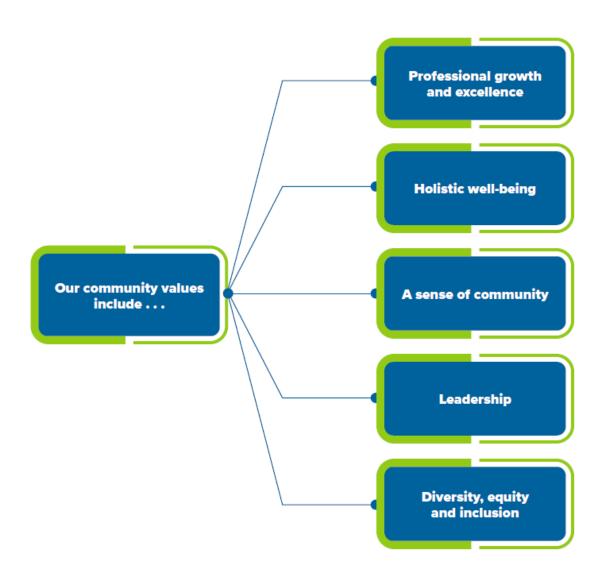
COMPENSATION SYSTEM DECISION TREE

This interactive flow chart is designed to provide you with an understanding of the compensation options within different contexts. These options emerged during NBOA's research on mission-anchored compensation strategies. Click your selection to move through the flow chart.

Because each independent school is unique, schools will make compensation decisions based upon different qualities and not every option will be appropriate for every school. Be sure to keep your school's context in mind when exploring new models.



#### **COMMUNITY VALUES**



"The main question
we asked ourselves
[when redesigning
the compensation
model] was, 'Does our
compensation
system reflect our
values of faculty
excellence?'
Ultimately, education
and experience
were not all the
criteria around
faculty excellence
that we valued."

—Head of School, Western U.S.

# Poll Question #3: What compensation system priority most interests you regarding professional growth and excellence?

- A. Developing a Mentor Program
- B. Developing Formal Career Paths at your School
- C. Rewarding Growth With Compensation
- D. Investing in Professional Development Programs and Partnerships

# PROFESSIONAL GROWTH AND EXCELLENCE

Compensation ideas based upon this value include . . .

#### Develop a mentor program.

Take advantage of the knowledge, skills and experience of your mid-career faculty to mentor new, inexperienced or struggling teachers. It is recommended that schools provide a stipend for the mentors.

## Allow for rapid career development.

Create a compensation system based on detailed criteria that reflect your defined standards for faculty and are measurable. Structure this system to allow newer teachers to move up in their careers and compensation faster.

## Form professional development partnerships.

Partner with local colleges or mission-aligned programs like a Montessori training center to offer ongoing professional development and educational opportunities. Explore scholarships, on-site training and summer residencies. In-kind facility rental for professional development providers may be exchanged for courses.

### Develop formal career paths at your school.

Consider defining faculty levels clearly (e.g., beginner, lead, senior and master teachers) and clearly communicate the criteria for faculty to advance from one level to the next.

#### Reward growth with compensation.

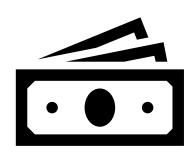
Clearly define and communicate a salary structure that prioritizes employee professional growth. For example, provide stipends for mentors who support professional growth and establish a system to provide additional compensation based upon professional development.

### Invest in employee-driven professional development.

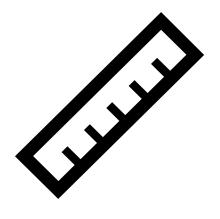
Commit to investing a specific, meaningful dollar amount into individual professional development when drafting offer letters and employment agreements.

Allowing employees to "bank" these funds and roll them over provides an opportunity to choose their own professional development experiences. Minimize required justifications or outcomes.

# **Compensation Change Considerations**



Integration of Stipends



Performance-Based Compensation Models



Benefits Programs



Financial Sustainability



# Case Studies and Related Resources

Just Released: NBOA's Mission-Anchored Compensation Project



With support from The Edward E. Ford Foundation, NBOA conducted a major analysis of compensation systems at independent schools across the U.S. and the world. We have synthesized the models and highlighted their distinct characteristics and components in the resources on this page.

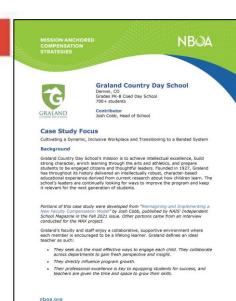
The resources were developed to address two primary challenges: one, recruiting and retaining quality employees in a competitive job market and two, carefully stewarding a school's largest expense, faculty and staff compensation, in support of a healthy business model.

The research-based resources on this page are available to all in the independent school community: research findings, an implementation guide, case studies, tools and a schedule of related live programs.



#### **CASE STUDIES**

- Feedback, Points System & Affinity Groups
   Westtown School
- IMPACT Performance Evaluation Model Avenues School
- Implementing a Faculty Pay Scale Stevenson School
- Inclusive Workplace & Banded Salary Structure
   Graland Country Day School
- Innovative Executive Compensation Pine Crest School
- Performance Recognition & Faculty Excellence Fund Blake School
- Per-Student Compensation and Curriculum Models
   One Schoolhouse
- Professional Advancement Model Hun School
- Salary Increase Calculator
   La Jolla Country Day
- A Straight-Talking Stipend System Multiple schools



## **Thank You!**















#### **STEVENSON**





#### **ADDITIONAL RESOURCES**

#### Webinar



Mission-Anchored Compensation Strategies Webinar
October 26, 2023, 4 PM ET
Register | Free for NBOA members and nonmembers
Learn about the findings from this project and the
research-based resources developed to support
independent school leaders as they leverage
compensation strategies to attract, retain and grow a
mission-aligned educator workforce.

#### **Publications and Tools**

- Executive Summary
- Historical Context of Teacher Pay
- · Sample Benefits Survey
- · List of Creative Benefits

#### **RELATED NBOA RESOURCES**

Many of these resources require NBOA membership to access. Learn more »

#### **WEBINARS**

Educating Employees About Their Benefits

July 6, 2023

Pay Equity: Compensation Analysis in a Hot Labor Market

June 27, 2022

Designing Heads' Contracts That Hardwire Best Practices

May 20, 2021

Mission-Based Compensation and Benefits

May 16, 2020

Compensation Banding: Practical Strategies for Accelerating Change at a School

lanuary 27. 2017

#### **ARTICLES**

Beyond Compensation in the Age of Inflation

January 9, 2023

Tax Implications of Head-of-School Compensation Packages

April 21, 2022

**Pushing for Pay Equity** 

May 10, 2021

Work-Life-Budget Balance: Millennial Benefits

January 15, 2020

Independent Schools'
Next Top Model:
Changing Perspectives
on Faculty
Compensation
January 6, 2017

#### **DOCUMENTS**

Benefits Compliance Quick Reference

March 18, 2022

Head of School Contract Sample

February 16, 2021

Compensation Consultant List

December 4, 2020

Compensation Consultant RFP Sample

December 3, 2020

School-Provided Housing Taxability

March 25, 2015

MORE DOCUMENTS

#### **RELATED NBOA PROGRAMS**

# Mission-Anchored Compensation Strategies

Pre-Conference Workshop February 25, 1:30-4:30 ET, in Atlanta

Learn more and register

#### Mission-Anchored Compensation Strategies

Virtual Workshops COMING THIS SPRING

Learn about current workshops

#### Hiring Strategies for a Challenging Market

Virtual Workshop January 30, 2024, 12:30-3:30 PM ET

Learn more and register

#### **2024 NBOA Annual Meeting**

& BUSINESS SOLUTIONS SHOWCASE

February 25–28, 2024 • Atlanta Marriott Marquis





#### Mission-Anchored Compensation Strategies Resources

Visit nboa.org/compensation to find all resources developed from NBOA's Mission-Anchored Compensation Strategies research, including:

- Research Findings
- Case Studies
- Additional Tools
- Live Programs
- Additional Resources (e.g., webinars, articles, sample policies)
- Related Forum Discussions

# Thank You and Q/A

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