Fall Webinar Series

Just Released: NBOA’s Mission-Anchored Compensation Project

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

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Edward E. Ford Foundation

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Executive Vice President
NBOA
Session Outline

Background and Rationale (Palmieri)

Importance (Gulla)

Research Findings (Schuermann)

Implementation Considerations (Dabney)

Case Studies and Related Resources (Palmieri)

Q/A
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.
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.
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.
Data Collection Phases, Methods and Scope

1. Landscape Analysis Preparation

2. Survey Design, Administration, and Analysis

3. Focus Group Conversations

4. Individual Follow-Up Interviews

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
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.
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>
<thead>
<tr>
<th>Benefit Type</th>
<th>Administrators</th>
<th>Faculty</th>
<th>Support Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group medical insurance</td>
<td>95</td>
<td>96</td>
<td>95</td>
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<tr>
<td>Defined benefit or defined contribution retirement plan</td>
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<td>93</td>
<td>91</td>
</tr>
<tr>
<td>Paid professional development</td>
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<tr>
<td>Paid sick leave</td>
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<td>Group life insurance</td>
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<td>Tuition assistance for personnel</td>
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<td>46</td>
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<tr>
<td>Subsidized meals</td>
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<td>39</td>
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<tr>
<td>Housing or rental assistance</td>
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<tr>
<td>Subsidized transportation</td>
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<td>6</td>
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</tr>
<tr>
<td>Student loan repayment</td>
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<td>1</td>
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</tr>
</tbody>
</table>

**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.

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 & admin)
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.
Poll Question #2: What is the primary intended impact of your school’s compensation strategy?

A. To recruit high quality, mission-aligned candidates
B. To retain experienced faculty and staff
C. To attract a diverse workforce
D. Ensuring pay equity among positions
E. Improving school climate and performance
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.
Focus Group Findings: Challenges Meeting the Financial and Cultural Expectations of Faculty & Staff

Job Market  |  Financial Expectations  |  Cost of Living
Finding Specialists  |  Flexibility  |  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.
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

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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Find all resources related to NBOA’s Mission-Anchored Compensation Strategies research at nboao.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

Our community values include...

- Professional growth and excellence
- Holistic well-being
- A sense of community
- Leadership
- Diversity, equity and inclusion

“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 experiences of your mid-career faculty to mentor new, inexperienced or struggling teachers. It is recommended that schools provide a stipend for the mentors.

**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.

**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.

**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.

**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 faculty rental for professional development providers may be exchanged for courses.

**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.
Thank You!
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.

Webinar

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Publications and Tools
- Executive Summary
- Historical Context of Teacher Pay
- Sample Benefits Survey
- List of Creative Benefits

Related Resources

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

WEBINARS
- Educating Employees About Their Benefits
  July 6, 2023

ARICLES
- Beyond Compensation in the Age of Inflation
  January 9, 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

- 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
Thank You and Q/A

Just Released: NBOA’s Mission-Anchored Compensation Project