

MISSION- ANCHORED COMPENSATION STRATEGIES

Executive Summary



This NBOA study explores how independent schools structure compensation systems to recruit, recognize and retain high-quality faculty and staff aligned to their mission, in ways that are responsive to their market and mounting external forces.

- **Research methods** included a survey of 405 schools, focus groups with representatives of 58 schools, and interviews. Research was conducted over the 2022–23 school year, and made possible with generous support from the E.E. Ford Foundation.
- In terms of **base pay**, most schools still use a traditional step and lane model for faculty pay, but performance-based and banded structures are increasingly popular, providing more flexibility to differentiate pay.
- **Top goals** of independent school compensation systems are recruiting mission-aligned talent and retaining experienced staff amidst shifting generational expectations about pay, benefits, career growth, and work arrangements.
- **Schools are balancing innovation and tradition**, seeking equity and transparency, and tailoring systems to be mission-driven yet responsive to local talent markets.
- **Benefits** like tuition remission and professional development remain valued, alongside emergent priorities like paid time off, inclusive communities, and student loan repayment.
- **Compensation alone is insufficient to maintain a mission-aligned workforce**, as independent schools seek to creatively combine pay with meaningful forms of recognition, a positive culture, added flexibility and opportunities for career growth to foster employee engagement.
- As competition for talent rises throughout the labor market, **communicating the full value of compensation and benefits will become increasingly important** for schools to recruit and retain the future and current generation of educators who will carry the torch of the mission onward.

Several major cross-cutting themes emerged from this research, which draws on both the quantitative and qualitative data:

Balancing Tradition and Change

- Most schools still use a traditional step and lane model for faculty compensation, with pay based on years of experience and level of education. However, other systems like salary bands and performance-based pay are becoming more prevalent.
- New models provide flexibility to differentiate pay based on contribution and performance rather than just tenure and education attainment. But change is difficult, and the step and lane model provides more predictability.
- Schools are all seeking the right balance between honoring tradition and responding to competitive realities that require innovation to recruit and retain top talent.

Mission vs. Market Driven Approaches

- Local market conditions significantly impact compensation decisions, as schools benchmark against other schools and occupations. Cost of living as well as school budgets also impact how schools compensate teachers.
- Housing costs are a major challenge, especially in recruiting candidates to higher cost living areas.
- Compensation alone is insufficient. Schools combine pay with culture, flexibility, and opportunities for impact to enhance mission focus and equity.

Retention vs. Recruiting Priorities

- Financial incentives and stipends can help with recruiting but don't ensure long-term retention on their own.
- Non-financial factors beyond compensation and benefits, like positive culture and work conditions, are more important for retention.
- Schools are tailoring systems to meet generational needs and emerging priorities around career growth, flexibility, paid time off and wellness.



Balancing Equity and Transparency

- Tension exists between equity and transparency. The step and lane model appears to be egalitarian but bases rewards on tenure not performance.
- New models aim to support pay equity and recognition of diverse contributions, but can breed perceptions of unfairness if not communicated well.
- When considering changes in compensation systems, engaging stakeholders is key to gain buy-in and demystify compensation.

The Relative Prevalence of Compensation Systems

- 56% of schools use a step and lane model for faculty pay, while 25% use it for administrators and staff.
- Performance-based pay is more common for administrators (35%) and staff (35%) than faculty (13%).
- 17% of independent schools use salary bands for faculty, allowing more flexibility to tie pay to contribution.
- Average teacher pay in 2021-22 ranged from \$45,263 (bachelor's, no experience) to \$66,929 (master's, 15 years).
- Higher pay is correlated with school budget size more than compensation model type.

Goals and Outcomes of Compensation Systems

- Top goals are recruiting top talent (56-49%), ensuring mission alignment (56-49%) and retaining experienced staff (49-47%).
- Improving school climate, advancing equity and boosting staff performance lag these goals but are increasing.
- 72-77% of schools report meeting goals of retaining experienced staff and ensuring mission fit, while just 29-39% meet goals of improving climate and staff performance.

Rethinking Total Compensation and Benefits

- With competition growing across the labor market, schools need to effectively communicate the full value of salaries, benefits, perks and intangibles.
- Nearly all schools continue to offer retirement plans, health and life insurance, tuition remission and paid time off.
- New priorities include loan repayment, paid parental leave, childcare stipends, wellness initiatives, an emphasis on inclusivity, and additional days off.
- Non-financial recognitions, career growth opportunities, flexible arrangements and positive culture enhance mission focus, equity and retention.
- Customizing systems requires balancing flexibility for individual needs with overall manageability.

Market Factors

- Common benchmarking data schools use to set base salaries are salaries at independent schools (96%) and public schools (85%), as well as salary benchmarks of other occupations (78%).
- Location-based cost of living, especially housing costs, poses major obstacles in both recruitment and retention.
- Widely noted was broadening competition for talent as workplace flexibility increases across industries.

Change Management

- Compensation systems change most effectively through collaborative processes that engage stakeholders.
- Communication, transparency and flexibility help sustain changes.
- Renovation is best when gradual, with small adjustments made iteratively based on feedback from faculty, staff and leadership team members.

MISSION-ANCHORED COMPENSATION STRATEGIES KEY RESOURCES



Research Findings

A landscape analysis of independent school salary structures, employee benefits and compensation trends, with considerations on financial and cultural expectations.



Implementation Guide

An extensive guide designed to support independent school leaders in their efforts to leverage compensation strategies to attract, retain, motivate and grow mission-aligned faculty and staff.



Case Studies

Ten case studies of innovative compensation practices from independent schools across the U.S. and world.



Additional Tools

- Benefits Survey Sample and Considerations
- List of Creative Benefits
- Narrative on the Historical Context of Teacher Pay



Live Programs

NBOA offers live programming on mission-anchored compensation strategies. Virtual live workshops will be held throughout 2024 as well as an in-person pre-conference at the 2024 NBOA Annual Meeting (February 25, Atlanta).



Related NBOA Resources

On the Mission-Anchored Compensation Strategies web page, you will also find related NBOA webinar recordings, articles, documents and discussion threads, available to NBOA members.

Find all these resources at [NBOA.org/compensation](https://nboa.org/compensation).

Conclusion

This study provides broad-based peer insights to help independent schools evaluate their compensation strategies. Findings reveal common goals, emerging priorities, changing forces, and promising practices. With challenges to recruiting and retaining high-quality, mission-aligned faculty and staff escalating, schools must be attentive to local market conditions and evolving workforce needs. They must clearly communicate the full value proposition of pay, benefits, culture, flexibility and mission impact they offer. Compensation should be differentiated enough to meet individual needs equitably while remaining coherent institutionally. Regular review and gradual iterations, backed by open communications, help sustain mission alignment, transparency, flexibility and sustainable change. Rather than a one-time overhaul, schools can see compensation as an ongoing tool for enriching their culture and community to foster recruitment, development and retention of talent today and in the future.

NBOA gratefully acknowledges E.E. Ford Foundation's substantial financial support for this project as well as the time and feedback given by independent schools participating in the survey, focus groups and interviews. These contributions made the findings and resulting resources possible. For full acknowledgments, see the [Research Findings](#) at nboa.org/compensation.

Schuermann, P., Dabney, E. & Palmieri, J. (2023). "Mission-Anchored Compensation Strategies: Research Findings." NBOA.