

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



INTRODUCTION

This implementation guide was developed from NBOA’s research on mission-anchored compensation strategies. In partnership with research and content experts, the NBOA team analyzed the landscape of independent school compensation models and strategies across the U.S. and beyond. The considerations presented here stem directly from the actual work of independent schools that have planned and implemented compelling compensation models or unique aspects of compensation. This guide accompanies a [white paper](#) that explores the findings of the research as well as case studies that illuminate promising and innovative practices. Find these and all related resources at nboa.org/compensation.

This guide is designed to support independent school leaders in their efforts to leverage compensation strategies to attract, retain, motivate and grow mission-aligned faculty and staff. It provides inspiration to explore new compensation ideas, tools for making decisions about compensation practices in your school’s context and also practical guidance on implementing compensation strategies.

How To Use The Guide

To get the most from this guide, it is important to understand both what it is intended to do and what it does not do.

The guide includes considerations, ideas and tools that can help independent school leaders implement compensation strategies at their schools. Not all strategies are appropriate for all schools. The guide will help you think about compensation strategies in the context of your school’s mission, values and staffing challenges, and help you make decisions about what

compensation strategies might work best for your school. You will find resources on stipends, benefits and performance-based compensation systems among other areas.

Faculty and staff compensation is the primary focus, as these individuals comprise the bulk of the employees at independent schools and were the focus of the research. This guide does not focus on compensation for administrative leadership, such as the head of school, which is often managed and determined differently from faculty and staff and can include elements, like deferred compensation, that are not addressed here. This said, considerations here may be helpful in conversations about administrative compensation.


All types of independent schools can find use in this guide, regardless of their current compensation model and any progress toward change. Even a school with a sophisticated model may glean new ideas.

This guide neither suggests a one-size-fits-all compensation model nor is it a step-by-step guide in overhauling your school’s entire compensation model. When it comes to compensation, context matters and no one model is ideal.

Finally, this guide does not offer solutions to systemic issues in the labor market generally or in the labor market in education specifically (e.g., teachers being paid less than those in certain other careers with similar education).

Who Should Use The Guide

Independent school leaders and administrators tasked with exploring and implementing improvements to their compensation models will find this guide useful. This may include



“Every compensation system reveals what the employer ultimately values and incentivizes. The traditional salary structure values more than anything stability and longevity, but it does not put a premium on impact or on performance.”

—Director of Recruitment, International

the head of school, chief business officer, director or manager of human resources or human resources staff, payroll and benefits administrators at the school, or a school compensation committee or task force.

Schools that have already secured buy-in to change the compensation model or elements of it, from stakeholders such as the board of trustees, school leadership and faculty and staff, will find more success with recommendations here. School leaders that have not yet secured buy-in should read the white paper and case studies that accompany this guide (both found at nboa.org/compensation) to learn more about the landscape and how to approach garnering support for making a change. This guide also has some thoughts on garnering support ([see page 6](#)).

Compensation Models Versus Compensation Systems

For purposes of this guide, “compensation model” refers to the structure that defines or determines how much employees are paid at the school. Examples of compensation models are step and lane, performance-based, banded and other models more thoroughly described in the [“historical context”](#) supplement to the mission-anchored compensation strategies

research. “Compensation system” refers to the bigger picture of how employees are recognized and rewarded, which can include professional development opportunities, benefits and bonuses.

NBOA’s Mission-Anchored Compensation Strategies research team extends sincere gratitude to the many, many schools that participated in the studies that led to this guide. Full acknowledgments are given in the project’s [Research Findings](#).

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



IMPLEMENTATION CONSIDERATIONS

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

“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.**

School Values and Strategic Goals

Any school’s compensation system should align with the school’s strategic goals and values. It is not uncommon for schools to have goals related to hiring and retention of personnel or support of a diverse workforce, and any changes to the compensation system should recognize and advance these goals. Further, employee compensation systems can include elements which intentionally establish priorities for faculty and staff and promote performance. Schools that consider the compensation system as part of a larger system of performance management and community support are more likely to establish a sustainable system that meets the school’s long-term needs.

Similarly, if faculty and staff are to accept a compensation system, it must align with the school community’s values. Misalignment can result in disillusionment and suspicion among community members. This lack of buy-in can create enduring barriers to achieving the goals of a new or modified compensation system.

School leaders may find it helpful to write a compensation philosophy statement prior to considering alternative compensation models to ensure the chosen model will align with the school’s needs and values. Such a statement should provide a comprehensive understanding of the goals of the school in providing compensation to faculty and staff while clearly establishing boundaries around the compensation system. For instance, one school’s philosophy statement may


articulate that financial sustainability is a primary goal, while another school’s may prioritize a more inclusive environment on campus. These guardrails can then be used to assess the suitability of any proposed system.

Equity and Prioritization

No compensation system is perfect, and any new system will likely not meet all the needs of each stakeholder. Understanding who the stakeholders are and their needs will make it easier to establish priorities and ensure equity in the new compensation system.

For example, schools may consider board members to be stakeholders due to their fiduciary duty to the school and need for financial sustainability. School administrators may be stakeholders as employees who participate in the compensation program, as supervisors who are seeking to recruit and retain talent, and as department heads who must rely on that talent to be present and fully engaged in their work. Faculty may have different needs than staff, and needs may also vary based upon the life phase or demographics of employees.

Once school leaders identify stakeholders and their needs, they can determine which needs are most urgent and which solutions will meet the most needs. After a few priorities have been established, schools should again review the stakeholders to see whose primary needs are not being met and establish more priorities to ensure equity in the system for all stakeholders.



“What we’ve seen is that people want agency in the decision. Even ultimately if you don’t go with them . . . they want to be heard.”

—Chief Financial and Operations Officer, Southeast U.S.

An Inclusive Process

To successfully implement a new compensation system, leaders of the change must engage with all stakeholders and foster goodwill for the system. This is most easily accomplished by bringing stakeholders into the room prior to the selection of a compensation model and the development of the school’s new system.

The process usually begins with a presentation to board members and a discussion about the goals of the process. After the board approves the initiative, schools may opt to engage an internal task force to explore the models available. Prior to forming the task force, the school should consider the following:

- *Who will make the final decision to select a model and the elements of the compensation system?*
Establishing a clear understanding of the roles of those who are a part of the process will reduce communication challenges and conflict.
- *Who will be affected by the new compensation system?*
Schools which utilize a taskforce and intentionally include a cross-section of internal stakeholders with diverse perspectives are the most likely to establish early buy-in for the resulting system.
- *How will input be solicited from those who are not directly involved in the process?*
Not all faculty and staff will be able to participate actively in the process, and school leaders should establish a system for including those whose voices are not immediately represented in the process. This may include an anonymous survey, small-group meetings or other engagement tools that are used and commonly accepted by the school’s community. See more information in the [“Benefits Survey Considerations and Sample Questions”](#) document on NBOA’s Mission-Anchored Compensation Strategies web page.

Compensation Committee/ Task Force Considerations

A compensation committee or task force can be an important element of an independent school’s


overall compensation system. Consisting of members of the school community, from senior leadership to faculty, staff and even trustees, this committee can be task oriented, such as providing feedback during the benefits renewal process, or more strategic with a long-range view in ensuring the school can be successful in recruiting and retaining high-quality mission-aligned employees.

With input directly from employee representatives, school leadership can feel confident in the decisions they are making regarding compensation, and employees know that their opinions were considered in decisions that directly affect them and their families. The committee can also benefit employees by serving as a leadership opportunity.

Keep the culture of the school in mind when constituting a compensation committee. For example, it may not be appropriate for a committee at a very small school to include faculty members if it would become difficult to keep personal information confidential.

Additional considerations include:

- **Purpose:** Clearly delineate the purpose(s) of the committee. Why is the committee being formed? For example:
 - To provide a forum for faculty voices and feedback
 - To act as a liaison between the faculty and administrative team
 - To provide input on decisions that are made by administrators but affect faculty and staff
 - To ensure diverse perspectives are considered in decision making
 - To vet decisions being made by school leadership
 - To facilitate research on compensation options
 - To garner buy-in from employees regarding employee-related decisions
 - To ensure that decision makers have the information they need to make informed decisions regarding employee compensation



“Wellbeing is a strategic goal at this point for the school. So every action, every plan is framed within the wellbeing of our employees. We have made our benefit offering robust.”

—Director of Human Resources, Western U.S.

- To provide a structure in which to determine and implement changes to the current compensation system
- **Duration:** Determine whether the committee is a standing committee with no defined duration or a short-term committee that has a defined duration. Short-term committees can be defined by time (e.g., 1 year, 3 years) or purpose (e.g., the committee will sunset when a decision about tuition remission is made). A short-term committee can be reconstituted in the future when the need arises. Defining the purpose of the committee will help determine the duration of the committee.
- **Structure:** Is the compensation committee a committee of the board of trustees? Is it an administrative committee, perhaps more focused on tasks like selecting health insurance options, or an academic committee more focused on performance-based compensation matters, or both? Does the committee have subcommittees that will be responsible for specific aspects of compensation, such as conducting a staff compensation feedback survey, planning recognition activities or researching possible new benefits? Should there be subcommittees for faculty and staff or separate committees?
- **Membership:** Determine the size of the committee and who is eligible to be a member. Prioritize having a committee that represents a diversity of voices and experiences, such as individuals in different stages of life, individuals with varied family structures or individuals with varied roles in the school (e.g., different divisions, campuses, departments, roles, years of employment with the school). Consider who will be the chair or leader of the committee and if this is a fixed role (e.g., human resources professional, business officer, board chair) or a rotating responsibility. Think about whether specific individuals need to be members of the committee, such as the head of school or business officer, to represent responsibilities such as understanding the school’s budget or understanding employment laws and regulations. Consider members’ term of service (e.g., 1 year, 3 years) and how many terms an individual can serve. Weigh the proportion of membership in terms of leadership, faculty, staff or trustees as appropriate, and consider if there should be constraints on membership (e.g., no more than two senior-level administrators).
- **Selection Process:** Outline how committee members will be selected. Consider an application process, appointment by school leadership, an open call for volunteers or recruitment by the committee.
- **Scope:** Define the scope of the committee both in terms of what is in the group’s purview and what is not. The scope should be clear, but not too restrictive. Generally, a compensation committee is focused on employee-related matters which could include:
 - Articulating the school’s compensation philosophy, such as how the compensation system aligns with the school’s values
 - Reviewing employee benefits options and providing input on renewing benefits, including participating in presentations from insurance brokers
 - Reviewing employment policies and providing recommendations (e.g., HR handbook updates)
 - Providing insight on community climate or workplace issues (e.g., safety protocols)
 - Generating professional development ideas or suggestions
 - Providing input on employee incentives and retention initiatives
 - Providing feedback on the employee compensation system
 - Developing staff feedback survey(s), discussing results and making recommendations based on the feedback
 - Reviewing applications for professional development funds and making recommendations for awards



- Developing a performance review system as part of a performance-based compensation model
- **Guidelines:** Be clear about whether the committee is advisory and provides recommendations to decision makers, such as the head of school or board of trustees, or if the committee is the decision maker and school leadership will be informed of the decision made. Provide guidelines, such as broad budgetary parameters, to assist the committee in knowing what is feasible for the school when making recommendations or decisions. Do not share sensitive, personal or confidential information with the committee, but provide aggregated or benchmarking data to help the committee make decisions.
- **Timing:** Determine the timing and frequency of meetings. Consider when critical decisions need to be made, such as renewing health insurance, to align with meetings. Determine a minimum number of meetings per year (e.g., twice during the school year and once in the summer) and have flexibility to meet more often or on a different schedule as the need arises. For example, if the committee is responsible for developing a performance review system in a performance-based compensation model, it may need to meet monthly over multiple years to complete this work. Example meeting schedules:
 - Fall meeting to determine insurance renewals and spring meeting on other topics (e.g., HR handbook update)
 - Spring meeting to gather input on benefits and other aspects of compensation, summer meeting to determine insurance renewals, fall meeting on other topics.
- **Communication:** Have a process in place to communicate the work of the committee to the broader employee community. This can be done via all staff meetings, email or other means. Consider having faculty serve as the face of the committee's work by presenting to their fellow employees or having committee

members conduct focus groups with their peers to gather input for the committee's use.


Change Management Practices

Prior to implementation of a new compensation system, school leaders should evaluate their school's capacity for change management and establish realistic expectations for the process. Elements of change management may include:

- Identifying one or more trusted individuals to act as advocates for the new system. These cheerleaders should be able to succinctly and clearly communicate why the system is being implemented and its goals.
- Establishing buy-in for the process by including influential community members in the selection and implementation process.
- Instituting multiple information delivery channels to provide information about the new compensation system to community members. While some faculty and staff may be auditory learners, others may require pictorial instructions or more high-touch guidance, and delivery channels should provide instruction for all types of adult learners.
- Determining a realistic timeline for the changes based upon the school's resources and cultural expectations.
- Ascertaining metrics that can be used to assess progress and establishing processes to measure success and adjust systems to redress missteps.

Additional Change Management Resources

- [Too Important To Fail: Communicating Change](#) (Net Assets article 2022)
- [Game Changers: Driving Change Management](#) (Net Assets article 2020, NBOA member exclusive)
- [Effective Change-Making in Independent Schools](#) (Net Assets article 2017)



“I think that pay transparency has served us really well. It’s not mandated in our state . . . but if it’s a position for which I feel like we’re going to get a strong applicant pool, I want people to know upfront, this is the range, and let’s not waste each other’s time.”

**—Business Officer,
Southwest U.S.**

“Everybody wants to know how much everybody else makes. Everybody wants to know if they don’t make that much, why?”

**—Associate Head of
School, Western U.S.**

Pay Transparency

As of August 2023, U.S. states California, Colorado, Connecticut, Maryland, Nevada, New York, Rhode Island and Washington have all enacted pay transparency laws. While these laws take many forms and have varying requirements, the intention behind them remains the same: providing both candidates for employment and employees a better understanding of the wages that are offered to all employees of the organization. This transparency provides employees with a better understanding of wage disparities between them and peers and provides more clarity around growth opportunities at the organization.

These laws are not always well-received by employers, but they can be very beneficial to schools (see quotes to left on this page). Schools may also note an increase in applicants for roles which are posted with a pay range.

Pay transparency laws have required schools to turn their attention to outliers whose wages may not be aligned with others and to bring them into alignment or to justify the discrepancy. This can mean facilitating difficult conversations with employees about why their wage is different

from others and what they can do, if anything, to bridge those gaps. It also brings into the light conversations that would otherwise circulate through the rumor mill in schools.

Pay transparency may present a hardship to schools which do not have a formal compensation system or which have relied heavily on negotiation to determine salaries. However, more schools are embracing transparency as a new generation of employees demands it, and silver linings are emerging. Schools should consider their compensation systems and make appropriate adjustments to them even if they do not anticipate posting pay ranges publicly, because pay transparency is now the law in a significant portion of the country and demands for it continue to expand.

Additional Pay Equity Resources

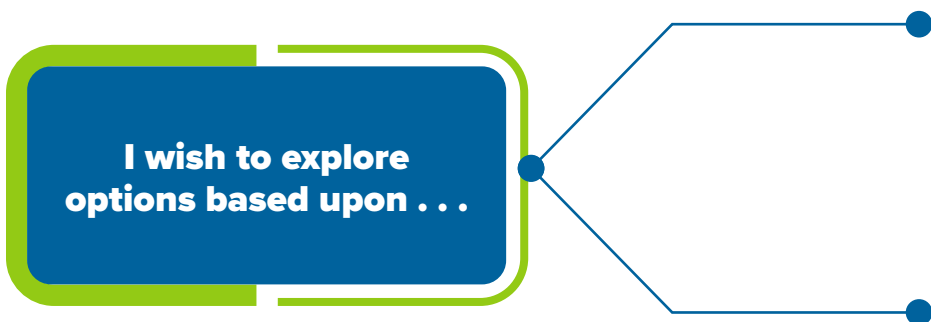
- [Pay Equity: Compensation Analysis in a Hot Labor Market](#) (NBOA webinar 2022, NBOA member exclusive)
- [Pushing for Pay Equity](#) (Net Assets article 2021, NBOA member exclusive)



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





STAFFING CHALLENGES



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.

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 facility 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.

HOLISTIC WELL-BEING

Compensation ideas based upon this value include . . .

Offer flexible paid time off.

Structure paid time off programs in an equitable way, giving each classification of employees as much flexibility as possible while still allowing the school to provide a stable and healthy learning environment for students.

Create a sabbatical program.

Sabbatical programs may be paid or unpaid but should be formally structured and based upon a required number of years of service. Sabbaticals must be scheduled well in advance of the leave.

Offer benefits that focus on health and wellness.

Consider options such as an Employee Assistance Program (EAP), a health fair which brings in biometric screenings, nutrition services, wellness events and family-forming benefits like paid parental leave or IVF.

Explore opportunities for flexibility for faculty.

Options such as a bank of work-from-home days, allowing meetings to be conducted over Zoom from home, and flexible scheduling that allows for prep to be performed from home one afternoon per week can provide work/life balance while upholding the integrity of the educational program.

Develop and administer an internal “grant” program.

This fund annually distributes a significant financial investment to a randomly selected faculty or staff member to use at their discretion. This award can be used for an experience, purchase or opportunity that would otherwise be financially impractical. Develop clear eligibility criteria and provide transparency around the program.

A SENSE OF COMMUNITY

Compensation ideas based upon this value include . . .

Form a community-building committee.

This committee should be charged with planning fun celebrations and events throughout the year for the faculty and staff and their families. These events can be low- or no-cost, such as trivia night, potlucks, holiday celebrations or wellness events.

Build a positive school culture.

Focus on creating a school culture that meaningfully values work/life balance and mental health, has supportive leadership and a positive reputation. This work can begin with an anonymous survey of faculty and staff with clear expectations that the feedback will be received without judgement and acted upon.

Include diverse voices on the school's compensation committee.

Create a compensation committee or task force that includes a variety of voices, including faculty representatives and staff members, if their compensation will be impacted by the committee's work. Involve faculty in the definition of the professional levels and development of the performance review process. It is not necessary to discuss or share individual salaries or performance with the committee.

LEADERSHIP

Compensation ideas based upon this value include . . .

Provide academic leadership stipends.

Consistently offer reasonable compensation for accepting leadership roles in academic departments and provide clear guidance regarding the expectations for these roles.

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.

Expand leadership opportunities at the school.

Develop creative leadership opportunities for faculty who are needed in the classroom but also want leadership professional development. Consider lessening teaching loads and assigning specific administrative tasks (e.g., classroom/course scheduling, senior thesis coordination, committee leadership and curriculum development coordination).

Include diverse voices on the school's compensation committee.

Create a compensation committee or task force that includes a variety of voices, including faculty representatives and staff members, if their compensation will be impacted by the committee's work. Involve faculty in the definition of the professional levels and development of the performance review process. It is not necessary to discuss or share individual salaries or performance with the committee.

DIVERSITY, EQUITY AND INCLUSION (DEI)

Compensation ideas based upon this value include . . .

Provide pay transparency.

Pay transparency gives both candidates for employment and current employees a better understanding of the wages that are offered to all employees of the school. When schools are transparent regarding the reasons for wage disparities, this provides clarity around growth opportunities available to all faculty and staff.

Post job openings in a wide variety of locations.

Post all job openings internally with a full job description and explore new outlets for posting job openings externally. Ensure all openings are posted in locations that allow for both electronic and hard copy responses, providing visibility to a broader spectrum of candidates.

Provide inclusive benefits to faculty and staff.

Conduct a comprehensive review of the benefits offered with a DEI lens. Consider supplementary compensation systems like stipends and ask if the work being performed is being compensated equitably and if the opportunities are available to all faculty and staff. Consider who most commonly takes advantage of individual benefit programs and the availability of benefits to meet the needs of all faculty and staff.

Integrate diversity, equity and inclusion into campus culture.

Place a meaningful emphasis on diversity, equity and inclusion for both students and employees. Provide DEI programming and professional development and conduct equity and inclusion audits of practices and processes across the school with a goal to increase belonging.



RECRUITING IN COMPETITIVE MARKETS

Compensation ideas based upon this challenge include . . .

Offer unique benefits.

Offer benefits that are not commonly offered by other employers in the region or industry (e.g., family planning and fertility benefits or a sabbatical program).

Align benefits with regional strengths.

Use unique features of the school's location to provide distinctive benefit offerings such as ski passes, discounts with local cultural institutions or golf course memberships.

Provide pay transparency.

Pay transparency gives both candidates for employment and current employees a better understanding of the wages that are offered to all employees of the school. Disclosing the reasons for wage disparities provides clarity around growth opportunities available to all faculty and staff.

Align compensation systems with school values.

Clearly communicate the compensation model, the foundational reasons for its elements and the holistic value of compensation packages offered to employees, inclusive of benefits and 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 facility rental for professional development providers may be exchanged for courses.

Offer benefits that offset employees' costs.

Benefits can provide extra compensation to employees, protection against emergent costs or offsets for anticipated costs. By offering benefits which offset employee costs (e.g., housing or transportation stipends or free meals), schools expand upon an employee's compensation indirectly.

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.

EMPLOYEES' CHANGING EXPECTATIONS OF WORK

Compensation ideas based upon this challenge include . . .

Provide pay transparency.

Pay transparency gives both candidates for employment and current employees a better understanding of the wages that are offered to all employees of the school. Disclosing the reasons for wage disparities provides clarity around growth opportunities available to all faculty and staff.

Explore opportunities for flexibility for faculty.

Options such as a bank of work-from-home days, allowing meetings to be conducted over Zoom from home, and flexible scheduling that allows for prep to be performed from home one afternoon per week can provide work/life balance while upholding the integrity of the educational program.

Offer benefits that focus on health and wellness.

Consider options such as an Employee Assistance Program (EAP), a health fair which brings in biometric screenings, nutrition services, wellness events and family-forming benefits like paid parental leave or IVF.

Integrate diversity, equity and inclusion into campus culture.

Place a meaningful emphasis on diversity, equity and inclusion for both students and employees. Provide DEI programming and professional development and conduct equity and inclusion audits of practices and processes across the school to enhance a sense of belonging for all.

RETAINING MID-CAREER FACULTY

Compensation ideas based upon this challenge include . . .

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.

Award a higher than average raise.

Provide elevated raises based upon a formula that integrates career longevity and trajectory.

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.

Create a sabbatical program.

Sabbatical programs may be paid or unpaid but should be formally structured and based upon a required number of years of service. Sabbaticals must be scheduled well in advance of the leave.

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.

Offer benefits that offset employees' costs.

Benefits can provide extra compensation to employees, protection against emergent costs or offsets for anticipated costs. By offering benefits which offset employee costs (e.g., housing or transportation stipends or free meals), schools expand upon an employee's compensation indirectly.

Offer a retention bonus.

A flat dollar amount which is significant in your market can be awarded at defined years of service. An analysis of service data can determine appropriate intervals for the bonus. This incentive has tax implications, which should be considered.

COMBATTING THE HIGH COST OF LIVING

Compensation ideas based upon this challenge include . . .

Form strategic partnerships.

Partner with landlords and local businesses to develop deals for employees. A guarantee of stable renters and steady business can provide incentive to work with the school for employees' advantage.

Provide a school-wide bonus.

Bonuses can provide employees with extra wages without committing to a long-term investment, creating an ideal vehicle for providing increased compensation in a year when inflation may be high but will not be sustained.

Offer benefits that offset employees' costs.

Benefits can provide extra compensation to employees, protection against emergent costs or offsets for anticipated costs. By offering benefits which offset employee costs (e.g., housing or transportation stipends or free meals), schools expand upon an employee's compensation indirectly.

Expand tuition remission.

Provide this benefit to staff as well as faculty and administrators. Develop partnerships with feeder schools to provide reciprocal tuition remission.



RECOGNIZING HIGH PERFORMING TEACHERS

Compensation ideas based upon this challenge include . . .

Fundraise specifically for faculty and staff support.

Donors respond favorably to specific requests such as funding bonuses in challenging years, a professional development or a sabbatical program.

Establish endowment funding for salaries.

A dedicated endowment fund could finance salary increases over time.

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.

Develop a communication and implementation plan.

Be transparent and inclusive when making changes to compensation systems and provide clarity around the process and options under consideration. Incorporate checkpoints during implementation for reassessment and adjustment.

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.

Include diverse voices on the school’s compensation committee.

Create a compensation committee or task force that includes a variety of voices, including faculty representatives and staff members, if their compensation will be impacted by the committee’s work. Involve faculty in the definition of the professional levels and development of the performance review process. It is not necessary to discuss or share individual salaries or performance with the committee.

Develop a faculty-initiated performance review process.

Working transparently with faculty, align expectations with defined faculty responsibilities and community values. Consider elements such as self-reviews, classroom observations by a diversity of leaders and evidence of growth. Define when faculty are eligible to begin the review process.

LIMITED COMPENSATION BUDGET

Compensation ideas based upon this value include . . .

Form strategic partnerships.

Partner with landlords and local businesses to develop deals for employees. A guarantee of stable renters and steady business can provide incentive to work with the school for employees' advantage.

Cultivate relationships with trusted professionals.

Form relationships with professionals such as real estate agents, financial planners and mortgage brokers to whom the school can refer employees and who may be able to offer discounts for their services in exchange for increased business.

Fundraise specifically for faculty and staff support.

Donors respond favorably to specific requests such as funding bonuses in challenging years or professional development or a sabbatical program.

Establish endowment funding for salaries.

A dedicated endowment fund could finance salary increases over time.

Form a community-building committee.

This committee should be charged with planning fun celebrations and events throughout the year for the faculty and staff and their families. These events can be low- or no-cost, such as trivia night, potlucks, holiday celebrations or wellness events.

Build a positive school culture.

Focus on creating a school culture that meaningfully values work/life balance and mental health, has supportive leadership and a positive reputation. This work can begin with an anonymous survey of faculty and staff with clear expectations that the feedback will be received without judgement and acted upon.



COMPENSATION CONSIDERATIONS

“It’s like a whole other job figuring out stipends as opposed to just base compensation.”

**—Chief Financial Officer,
Mid Atlantic U.S.**

Integration of Stipends

Stipends are a common element of the compensation system in many schools, often used to provide extra compensation to faculty and staff who take on duties beyond those listed in their job descriptions. These payments are usually made in lieu of bonuses and are agreed upon prior to the commencement of the work, making them easier to integrate into the overall school budget. Schools must clearly understand and communicate the difference between a stipend and a bonus. While bonuses are awarded retroactively for performance, stipends are agreed upon ahead of time, are consistent and can be budgeted for.

On average in 2021–22, 23% of faculty and instructional staff received additional compensation for taking on expanded roles and responsibilities. This number increased to 30% in larger schools (those with 800 or more students enrolled), but in some schools, 90% or more of instructional staff and faculty received additional compensation for additional work, usually in the form of stipends. The roles and responsibilities most commonly rewarded with a stipend include coaching sports, expanded class loads, managing extra-curricular programs, accepting leadership roles in departments and directing or providing staffing for summer camps.


Additionally, stipends can be used to compensate high performers or to recruit talent when the school’s compensation system provides limited flexibility. Schools with inflexible step systems may integrate stipends into their compensation practices to provide extra compensation to valued employees who would otherwise leave for a higher wage elsewhere. Schools may also use stipends as

benefits to offset specific employee costs, such as housing and transit.

Stipends are also often used to reward employees for taking on projects such as new curriculum development or mentoring a colleague. These stipends recognize that some tasks at a school are not easily built into a particular role but do not constitute stand-alone jobs. Some stipends provide compensation for temporary roles like serving on the accreditation committee or covering a peer’s parental leave, roles for which hiring an outsider would not be recommended. Some schools find that providing stipends to compensate for additional work is more aligned with their compensation philosophy than performance-based pay. Stipends have more flexibility and may be awarded retroactively and in a more discretionary manner.

Stipends also provide a fixed value for a role on campus, one that does not necessarily increase at the same rate as base salary. This can provide more stability for a budget-conscious school. The value of stipends to individual employees can vary greatly. The smallest stipend given, on average, in 2021–22 was \$800, and the largest was \$7,500, but employees could earn significantly more for coaching sports or for larger roles in the performing arts department. Still, NBOA’s research on mission-anchored compensation strategies showed that in 2021–22, bonuses/stipends only make up 2% of faculty and instructional staff compensation packages on average, and 1% on average for administrators and support staff.

The ubiquity of stipends in the independent school world may be why requests for (and expectations of) stipends for extra duties



“Used to be teachers would go on [international] trips pro bono. Now we give a travel leader a stipend... because they’re away from their family.”

—Chief Financial Officer, Southeast U.S.


appear to be on the rise. Some school leaders believe that burn out in the teaching profession, especially following the pandemic, has emboldened faculty to want more compensation for tasks that were previously assumed to be a part of their base jobs. Others note that the “all hands on deck mentality” in independent schools is waning, requiring schools to find creative ways to incentivize employee participation in extracurricular activities and events. Further, increased work/life balance expectations may also lead faculty to request compensation for tasks, like going on an international trip, that will take them away from their home lives.

Schools should consider the following when adding stipends to their compensation systems:

- **Consistency:** Stipends should be consistent with the school’s values and the community’s understanding of what being a teacher at the school means. Stipends should not be provided for tasks which would reasonably be assumed to be a part of the person’s role at the school, and the school should be prepared to provide consistent compensation for the same activities.
- **Defined purpose:** Stipends can be provided for many reasons, as stated above. Schools should clearly define the purpose of stipends within their compensation systems (e.g., to incentivize faculty to fill short-term vacancies or to incentivize discrete activities which are necessary for the school’s growth) and remain consistent in their application.
- **Not a band-aid:** While stipends can provide motivation or rewards to employees, they should not be used as a short-term solution to long-term challenges like poor morale or a stagnant wage system. Stipends are best used to incentivize the performance of tasks which are outside the normal range of duties for a role and to provide flexibility in the assignment of such tasks on campus.
- **Pay transparency:** New requirements are forcing schools to reconsider the relationship between salary and stipends ([see section on pay transparency on page 9 for more information](#)). In order to more accurately reflect pay ranges for teaching roles, schools must dissociate stipends for non-teaching work from the role. Further, stipend systems themselves must be transparent in order to avoid claims of discriminatory behavior or other impropriety in their assignment or size. Some schools utilize a clearly defined points system for teaching duties to indicate the point at which assumed responsibilities would be stipendable. If using a points system, consider a range of points that defines a “teacher” role rather than using an absolute value and signify the level of effort generally required for disparate activities through the number of points assigned to them. The equity of points values must be clearly explained.
- **Growth compensation models:** In a growth-expectant compensation model that encourages movement along teaching levels, community contributions and leadership roles, clarity will be needed around what is expected and what extra work will be compensated.
- **Continual assessment:** Stipends, like all forms of compensation, must be adjusted and modified to adapt to changes in the culture as well as inflation. Periodic review and recalibration will be necessary, and feedback on the system should be solicited regularly.

Challenges

Stipend systems are not without their challenges. Equity in the value of tasks can be a matter of perspective and has been hotly debated by those receiving the stipends. Schools will need to listen carefully to community voices when establishing the value of tasks in order to align them with community norms and expectations. Stipends can also be time-consuming to administer because they should be negotiated and contracted outside the standard wage system. While some schools list stipended roles on annual letters to faculty, many choose to provide unique contracts for these roles in order to maintain



“We sometimes pay for things like carpool, afterschool care, afterschool academy, running the scoreboard for a basketball game, a wide variety of different things that we ask people to do. Some are paid, some aren’t, but they make the school run. Ultimately, we found the tracking to just be enormous and incredibly time consuming. The pay wasn’t worth the work.”

—Director of Human Resources, Western U.S.

the independence of the stipend system and to create flexibility should the stipend need to be transferred to a different individual.

Unfortunately, stipends can also encourage faculty to view their jobs in terms of their elements rather than the true impact of their work. Some schools have noted a generational gap between older employees who do not ask for extra compensation and younger employees who do, and generational tensions can be exacerbated by a stipend system. Mixed messaging from leadership about the positive impact of stipends is often a factor in this tension, and any school choosing to embrace a stipend system should provide clear support for the system and ensure that school administrators are consistent in their messaging around it.

Despite the challenges, stipends were repeatedly described by interviewees as a part of independent school culture and are unlikely to fade away. Schools seeking to think differently about their use of stipends should review the [Westtown case study](#) and should be prepared to provide a transparent compensation system in which base wages are higher and job descriptions clearly indicate the anticipated work to be included in the role.

Additional Resources on Stipends

- [A Straight-Talking Stipend System](#) (Net Assets article 2022, NBOA member exclusive)

Performance-Based Compensation Models

Performance-based compensation models have traditionally been wrought with challenges in independent schools. Often this is because faculty are largely familiar with models of this type found in public schools and which are based almost exclusively on student performance. Teacher excellence is only one factor in a student’s success, and faculty have traditionally rejected this measure of their performance as a result.

Developing Metrics

Schools which are considering a performance-based model should establish performance metrics in consultation with faculty. These metrics will likely include measurement of qualities the school desires in teaching faculty as well as adherence to the school’s community values and any growth expectations the school has for faculty. Metrics may also focus on the impact the school anticipates teachers will have on students and the larger community. Schools should take care to center metrics on professional qualities and competencies rather than personal traits.

When faculty have agency over the process, they are less likely to be critical of the outcome and are more invested in the success of the system as a whole. For maximum efficacy, a task force consisting of faculty and administration should develop the metrics and process for review. Including both faculty and administration in the process also allows for resources to be made available at the time they are needed for the review process, ensuring that academic leaders have the time to perform thoughtful reviews of faculty performance and allocating any funds needed to support the process.

It should be noted that some faculty may perceive a performance-based compensation model as forcing them to compete with their peers for wages. This is rarely the intended outcome of such a model, and this perception can be avoided by developing a system that focuses on clearly defined mastery levels supported by a mentoring program. A compensation system with different requirements for a beginning teacher, senior teacher and master teacher can set clear expectations for performance at each level and reduce the perception that only a few teachers can excel in the system. Further, a mentoring program that pairs master teachers with those who are less experienced elevates all teachers. Such a system should be grounded in the school’s values and provide context for the expectations that are set.



Making It Optional

Not all faculty will be interested in a performance-based model, and schools should consider allowing employees to opt into the system. For instance, those choosing to participate and who successfully attain their goals can be provided with higher salaries, advanced titles and leadership opportunities, while those who opt out of the system could receive, for example, baseline cost-of-living adjustments. Some schools provide career development systems which allow employees to opt out and remain stationary in their field while focusing on external endeavors (e.g., family growth or educational programs). This system would provide a fitting complement for a voluntary performance-based compensation model. Several of the case studies resulting from the research are focused on different approaches to performance-based pay. Find them at nboa.org/compensation.

Benefits Programs

During research focus groups, a director of human resources from a school in the Midwest succinctly identified a key hiring challenge for many independent schools: Candidates are “not coming from an independent school, and they’re looking for higher salaries than what we’re willing to pay.” This challenge has traditionally led schools to focus on strong benefit programs which can counterbalance perceived low wages for faculty and staff. The importance of these programs has grown even more pronounced as compensation systems that offer only cost-of-living increases have stagnated wages in independent schools.

Benefits programs can also provide **stability** for employees, mitigating the effects of health challenges and providing flexible time off to address personal emergencies. These programs can usually also produce stability in the school’s budget, with the notable exception of health insurance premiums, which are known to fluctuate dramatically year over year. However, benefit programs can present administrative challenges, and schools should seek to offer only benefits that are truly appreciated and utilized by their faculty and staff.

Cafeteria-Style Benefits


In recent years, many workplaces have turned to cafeteria-style benefits menus in order to meet the changing and often conflicting needs of a diverse population of faculty and staff. School leaders participating in NBOA’s research on mission-anchored compensation strategies discussed the pros and cons of cafeteria-style benefits plans without consensus on the viability of these options. While this approach can address the challenge of providing benefits that apply to multiple generations in the school’s workforce, the costs of providing such a wide range of benefits and the burden of administering the program may outweigh the advantages. Even if some benefits may require no direct financial contributions from the school, leaders must consider the time required to administer the program when considering the viability of any new benefit options.

Benefits Survey

Schools that are considering changes to their benefits programs should consider conducting a compensation survey of employees to gather input on which benefits are highly valued among employees and to gauge the likelihood of high enrollment in any new offering. For more information, download an [employee benefits survey tool](#) with sample questions, developed from the Mission-Anchored Compensation Strategies research.

Cost

The cost of benefits programs to the school can vary widely. Some programs like health insurance and retirement plans may have high costs associated with them but provide exceptional value for their investment. Other programs like disability insurance may require a more limited financial investment from the school but may require considerable time to administer the benefit and to update employee information for the benefits providers annually. Other benefits may require a minimal investment on the part of the school, but the



cost burden of time or money is borne entirely by the employee and may not provide an equitable benefit.

Schools should consider their compensation programs holistically when identifying the key elements of the programs. Direct compensation, including wages and any bonuses or stipends, is increased by benefits which offset costs for the employee, and the full compensation value is reduced by any premium-sharing or deductibles related to the benefits offered by the school. The result of this function (Wages + Bonuses and Stipends + Cost Offsets from Benefits—Benefit Costs to Employees) is the total compensation package offered to the employee.

However, schools should move beyond simply seeing benefits programs as potential cost offsets for employees and should seek to integrate them into the school's overall human resources strategy. Benefits may carry differing values as recruitment or retention tools, and schools that identify their goals in providing the benefit can maximize the efficacy of the investment through the structure of the benefit. For instance, a high retirement plan contribution may be a strong recruitment tool, but a contribution which increases with tenure will be a more effective retention tool.

Community Values

Schools should also consider aligning their benefits offerings with their community values (see link to an NBOA webinar on this topic in resources box at the end of this section). Meaningful benefits are a way for independent schools to differentiate themselves from competitors and emphasize the values that their community exemplifies. Schools often provide free meals to staff members, an easy benefit to provide with a tangible monetary value. However, schools often fail to connect that benefit to the mission, identifying it as an opportunity for faculty and staff to engage in informal conversations with all students and to provide a more familial dining atmosphere for boarding students.


Tuition Remission

Similarly, schools should identify the role of tuition remission in their compensation package and clearly communicate its value to the community in non-monetary terms. If tuition remission is a recruitment tool, waiting periods may not be appropriate, but it can prove to be a powerful retention tool for faculty and staff. Further, it can easily be connected to the school's investment in community and belief in the power of an independent school education. How the school structures a tuition remission program speaks to the school's values, and explicitly tying the philosophy to the school's community values will reinforce the role of the benefit as a compensation tool.

Considering benefits in this light can also provide flexibility for schools with tight budgetary restrictions that may be unable to make big adjustments to their offerings. How those offerings are structured—waiting periods, employee contributions, sliding scales for premiums—can all be adjusted to better align the benefits package with the school's values and strategic goals. Removing prerequisites and conditions for benefit utilization increases the value of the benefit to employees and can strongly encourage usage of benefits that may also provide a tangible benefit to the school, like an Employee Assistance Program or Wellness Check Ups. Other benefits like a walking club can demonstrate the school's commitment to its employees without adding to either the school's or the employees' expenses.

Communication

Finally, effective communication of this package is essential to maximizing its value. Schools often provide a benefits summary annually to employees, reminding them of the price of both tangible and intangible benefits and the true compensation package value being offered for the school year. This communication serves two purposes: allowing the school to remind employees of benefits they may not utilize every



year and providing the school with an opportunity to message the full compensation package and align it with the school's values and strategic goals. Ultimately, this messaging can determine the success or failure of specific offerings and will allow employees to experience their benefits as a part of their community experience rather than something which is owed to them.

NBOA's mission-anchored compensation strategies research team compiled a [list of creative benefits](#) offered by schools, available for download.

Additional Resources on Benefits

- [Sample benefits summaries](#) (NBOA Library, NBOA member exclusive)
- [Mission-Based Compensation and Benefits](#) (NBOA webinar 2020, NBOA member exclusive)

Financial Sustainability

Accepted wisdom is that compensation must “be at least at market level to get the talent that you’re looking for,” and should be supplemented with “innovative ideas and benefits,” in the words of a business officer from the Western U.S.. On average, 66% of a school's expenses go to payroll, and in a mission-driven institution, high quality faculty and staff are critical, so people-related expenses often drive the budget. For this reason, financial sustainability considerations are imperative when developing and adopting a school's compensation model. Compensation systems must be both legally viable and financially sustainable to provide stability to the school and its community.


NBOA's research on mission-anchored compensation strategies suggests that compensation can be creatively managed to align with the school's budgetary reality. When forced to make a compensation trade-off, school leaders consistently indicated that faculty would take a slightly lower base salary when benefits and working conditions were improved.

Leaders indicated that supportive leadership, demonstrated work/life balance, a multicultural environment and a strong professional community were all valued more highly than salaries that were above market value.

The research suggests that viewing compensation decisions as transactional (i.e., the employee provides their time and talent in exchange for compensation) can be detrimental to a functional and sustainable compensation package. Conversely, schools may consider compensation as an investment in faculty and staff, allocating these funds in alignment with the school's mission and values. For instance, a school which values growth may invest in professional development and a system which incentivizes a growth mentality. A school which values wellness may invest more strongly in mental health benefits and long-term financial wellness strategies. Reframing compensation as an investment aligns with the mission-oriented reasons employees work at independent schools—not just for a paycheck but to contribute to the mission.

Further, the relationship between the head of school, business officer and human resources professional is critical to the financial sustainability of the system. Alignment of mission, budget and employment requires a thorough understanding on all parts of the staffing and hiring needs of the school and clear expectations of the budgetary restrictions on salaries and benefits before personnel-related decisions are made. Business officers can lead this work through coaching and facilitation of conversations around compensation system changes to better align the school's financial outlay with its strategic goals and the legal and fiscal realities of its environment.

Schools should also consider involving the larger school community in fundraising to recognize the contributions of faculty and staff. Funding investments like sabbatical programs and retention bonuses will require long-range planning and a thorough understanding of anticipated eligibility in the coming years. Large donations



solicited by advancement personnel can endow these professional development opportunities for personnel, and while investments in faculty and staff should be meaningful and sustainable, alumni or parent associations can be engaged to fundraise for holiday bonuses in tough years.

Such investments should not be made lightly. Surveying faculty and staff regarding their needs and the investments they will appreciate most is strongly recommended before engaging in a financial sustainability study for any new programs. Further, the needs of the community may shift as its demographics change, so regular surveying and updates to the system may be required. An internal benefits committee can be helpful in creating and maintaining a sustainable compensation system.

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

