

# MISSION- ANCHORED COMPENSATION STRATEGIES

## Research Findings

A landscape analysis of independent school compensation systems, with considerations of their financial and cultural implications.



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Find all resources related to NBOA’s Mission-Anchored Compensation Strategies research at [nboa.org/compensation](http://nboa.org/compensation).



# DEAR COLLEAGUE,

If independent schools can agree on one thing, it is that a school’s faculty and staff are indispensable in the quality delivery of a school’s mission. Independent schools demonstrate wonderful degrees of freedom in the ways they structure academic and co-curricular experiences, and the culture of every independent school is a unique fingerprint. Yet, for decades there has been only the slightest adaptation to the way we compensate those delivering on our missions. Most schools follow a traditional model of faculty compensation wherein the teachers with the longest tenures and most degrees attained are paid the most, regardless of their impact in the classroom or school community.

Compensation comprises the largest line item in every independent school budget, and because compensation models directly impact a school’s capacity to attract, retain and cultivate our most impactful resources—its people—innovation in this area is a tremendous opportunity. According to data from NBOA’s custom research platform, Business Intelligence for Independent Schools (BIIS), on average, 63% of individual independent school operating expenses were allocated to compensating faculty and staff during the 2021–22 school year (this includes salaries and benefits and is consistent with research from prior years).

Without clear alternatives or guidance in implementing new compensation systems, it is difficult for schools to change their traditional practices and continue to offer competitive compensation for high quality faculty and staff. No single resource clearly identified innovative models and provided insights into the objectives and potential implications of each. Nor has there been a repository of independent school-specific resources and expert compensation guidance for our industry. In the absence of these supports, it’s no surprise that we see only isolated attempts to innovate, with ideas outside the independent school community serving as the guideposts for change—a challenging reality for independent school leaders, and a pain point we sought to alleviate.

In April 2022, NBOA was approved for a generous “Special Grant” from the Edward E. Ford Foundation to pursue research on faculty compensation models and develop resources to help independent schools consider and possibly implement new and different strategies. In alignment with The Edward E. Ford Foundation’s mission to improve secondary education by supporting U.S. independent schools and encouraging promising practices, NBOA is committed to developing, delivering and promoting best business practices to advance the financial health of independent schools now and in perpetuity.

NBOA was well-positioned to tackle this challenge given its strong relationships with heads of school, business officers and human resource professionals. Thus, soon thereafter, the NBOA staff project team, led by Executive Vice President James Palmieri, Ed.D., and Senior Director of Research and Analysis Elizabeth Dabney, in collaboration with lead researcher Patrick Schuermann, Ed.D., conducted a large-scale landscape analysis to identify and explore new and innovative mission-anchored and financially sustainable faculty and staff compensation strategies for PK–12 independent schools. Information was gathered from a wide variety of independent school sources on their approaches to faculty and staff compensation via an industry-wide survey, data analysis, curated focus groups, and individual school leadership interviews.



It has been our intention to distill the findings into a curated set of broad models and strategies, to describe the distinct characteristics of each, and to provide the relevant adoption considerations for schools concerning implementation and maintenance.

Therefore, I am pleased to introduce several research deliverables available to the entire independent school community—all of which are readily available for download at [NBOA.org/compensation](https://www.nboa.org/compensation). Included in the outputs of this initiative are: this white paper featuring research findings and analysis; an implementation guide featuring specific concepts for consideration and adoption—with tips related to change management; a set of school case studies featuring unique and innovative models and strategies previously implemented at independent schools; and several related resources.

For independent schools to secure their long-term financial health, school leaders must identify a faculty and staff compensation model that fairly and equitably compensates high-quality, mission-aligned staff, while at the same time manage the compensation and benefits line item within annual budgets. Please keep in mind that innovation in compensation is not one-size-fits-all. Both the research findings in the white paper and the implementation guide are attentive to this fact and provide ways to help schools identify what may be useful to them. Faculty and staff compensation is the primary focus of all our resources, as these individuals comprise the bulk of the employees at independent schools and were the focus of the research.

NBOA is poised and excited to be facilitating information-sharing that has stemmed from the power of our network of independent school business leaders. All types of independent schools can find use in these resources, regardless of their current compensation model and any progress toward change. Even a school with a sophisticated model may glean new ideas.

At a time when independent schools are seeking to reaffirm and reimagine who they are within a context that demands thoughtful allocation of finite resources, these insights and strategies are well timed to foster growth, sustainability and excellence in independent schools worldwide.

Thank you to many for your participation in and support for this meaningful work.

Regards,

**Jeffrey Shields, FASAE, CAE**  
NBOA President and CEO



# ACKNOWLEDGEMENTS

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### Edward E. Ford Foundation

John Gulla, Executive Director, and the  
Foundation's Board of Trustees

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 2,300 grants

approximating over \$125 million to approximately 1,000 different schools and associations. The foundation occasionally awards Special Grants outside its usual grantmaking in support of (often multi-year) projects that have the potential to influence secondary education more broadly and positively affect our democratic society.

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We are deeply grateful to all the professionals who responded to this survey. We collected complete responses from 405 schools located in 43 states (including Washington, DC) and eight countries around the world. Most of the respondents identified themselves as chief financial officers (61% of respondents), human resources directors (25%) or heads of school (13%). Other respondents included chief operating officers, controllers, financial analysts, benefits managers, payroll administrators and others.

### Focus Group Participants

We are extremely grateful for the engagement of this representative sample and the resulting breadth of insights and thought leadership that emerged from those willing to participate. Eight virtual focus groups included 59 school representatives from 58 schools and were conducted in February and March 2023.

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Castilleja School (CA)  
Chapel Hill-Chauncy Hall School (MA)  
Charlotte Latin School (NC)  
Colegio Maya (Guatemala)  
Collegiate School (VA)  
Cornerstone Christian Academy (PA)  
Crean Lutheran High School (CA)  
Ensworth School (TN)  
Far Hills Country Day School (NJ)  
Friends Academy (NY)  
Friends School of Louisville (KY)  
Germantown Friends School (PA)  
Graland Country Day School (CO)  
Hammond School (SC)  
Headwaters School (TX)  
High Mowing School (NH)  
Indian Mountain School (CT)  
International School of Portland (OR)  
La Jolla Country Day School (CA)  
Lakeside School (WA)  
Landon School (MD)  
Los Encinos School (CA)

Mary Institute and Saint Louis Country Day School (MO)  
Mercersburg Academy (PA)  
Meridian Academy (MA)  
Miss Porter's School (CT)  
Oak Knoll School (NJ)  
Old Trail School (OH)  
Palmer Trinity School (FL)  
Presbyterian School (TX)  
San Diego Jewish Academy (CA)  
Skutt Catholic High School (NE)  
St. Andrew's Episcopal School (MS)  
St. Mary's Episcopal Day School (FL)  
Steamboat Mountain School (CO)  
Stevenson School (CA)  
Summit School (NC)  
Sun Valley Community School (ID)  
Telluride Mountain School (CO)  
The Archer School for Girls (CA)  
The Benjamin School (FL)  
The Bishop's School (CA)  
The Blake School (MN)  
The Frances Xavier Warde School (IL)  
The Greenwich Country Day School (CT)  
The Gunston School (MD)  
The Haverford School (PA)  
The Hun School of Princeton (NJ)  
The International School of Panama (Panama)  
The Lamplighter School (TX)  
The Williams School (CT)  
University Prep (WA)  
University School (OH)  
Vail Mountain School (CO)  
Waterford School (UT)  
West Side Montessori (OH)  
Westtown School (PA)

### Interview Participants

Analysis of transcripts from the focus group conversations helped us select specific schools for follow-up conversations. These conversations allowed us to attain a very fine-grained understanding about specific ways individual schools are seeking to implement and optimize some facet of their compensation system.



We are indebted to the following individuals for sharing their deep, contextual expertise with our research team.

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# INTRODUCTION

**A**t the heart of every independent school is a faculty, staff and leadership team who carry the torch of the school’s mission and bring that mission to life each day. Beyond the buildings on campus or the words on a website, it’s the people of a school who create the programs and experiences that have the power to catalyze learning and shape the trajectory of lives. And yet, while the world has experienced monumental change in the last century, let alone the past few years, little has changed about the way we compensate the professionals at the core of our independent school communities . . . or has it? This is the question at the heart of NBOA’s research on mission-anchored compensation strategies in independent schools, as well as the practical resources developed from the findings.

The NBOA Board of Directors, leadership and research teams are grateful to John Gulla and the E.E. Ford Foundation for the collaboration and support that made this yearlong landscape analysis possible. The research has explored how independent schools structure their compensation systems to attract, recognize and retain the best faculty, staff and leadership team members they can. The results of our inquiry are three primary resources presented to the independent school community:

- This 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. Several additional secondary deliverables were produced for the project. All resources are available at [nboa.org/compensation](https://nboa.org/compensation).

These methods of inquiry and the resulting deliverables were chosen and developed intentionally in response to several factors and forces that impact schools.

- **Every independent school is a uniquely complex organization** comprised of many systems, compensation being just one.
- **Each independent school is situated within an ecosystem of other school options**, from local to global. Each market and geographical location present distinctive challenges and opportunities for schools as they think about hiring and retaining mission-aligned and highly qualified faculty and staff.
- **Every person is motivated by multiple and sometimes competing priorities**, which evolve over time through life stages.
- **Broader societal shifts are impacting labor trends**, including how many individuals pursue degrees in education; how each generation thinks about choosing work and the notion of a career; and the expanding opportunities for flexible work arrangements in many fields.

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

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





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

institutions. And so, we've worked to understand not just the *what* of compensation systems as they are being implemented, but also nuances in the *how*, *when* and *why* associated with them, and changes to them, in recent years.

As you reflect on your own school's compensation system, we hope you find value in this synthesis of insights from the field. At a time of such rapid and substantive technological and workforce change, our hope is for these resources to catalyze thinking, conversation and strategy that will support the work of finding, nurturing and sustaining professionals who will continue to carry the torch and thrive while bringing your school's mission to life each day.

### **Data Collection Phases, Methods and Scope**

The research conducted for this project consisted of the following phases and methods of inquiry:

#### ***Landscape Analysis Preparation***

Beginning in summer 2022, the NBOA research team analyzed relevant industry data available from NAIS' DASL (Data and Analysis for School Leadership) and NBOA's BIIS (Business Intelligence for Independent Schools) databases, such as salary benchmarks, salary scale components and benefits offerings. This step was essential in gathering existing information from a wide variety of independent schools about the ways they structure their compensation systems, and it helped us identify priority areas for additional collection of survey and focus group data. We also collected an extensive set of compensation-based surveys from the literature base including higher education and multiple industries.

#### ***Survey Design, Administration and Analysis***

We engaged a quantitative research partner, specializing in compensation survey design, to build, beta test and refine a survey to help us capture new and more nuanced insights about existing salary and benefits models as well as

contextually informed insights about why specific strategies and approaches to compensation were chosen, and how compensation models are driving outcomes and impacts (both fiscally and culturally). The survey was open September 12 through October 21, 2022 to any independent school, regardless of NBOA membership status, and collected data for the 2021–22 school year. We collected complete responses from 405 schools located in 43 states (including Washington, DC) and eight countries around the world. Most of the respondents identified themselves as chief financial officers (61% of respondents), human resources directors (25%) or heads of school (13%). Other respondents included chief operating officers, controllers, financial analysts, benefits managers and payroll administrators. Analysis of the survey data paid particular attention to the open-ended questions that allowed schools to describe their compensation system, any recent changes to the system, reasons for providing stipends and other aspects of compensation, and correlations between the demographic data collected about schools and their response patterns.

#### ***Focus Groups***

With the help of qualitative research specialists, we used the preliminary survey results to identify several independent schools for focus group conversations. We considered school location, operating budget, grades taught and school type along with schools with different compensation model elements, schools that made a recent change to their compensation system and schools with innovative or unique compensation-related ideas to share. Our goal with the focus groups was to include a diverse range of schools and gain rich, contextual detail about the influences and factors that are driving approaches to compensation as well as school-based experiences of implementing specific models or model components. In other words, we sought to better understand why schools wanted to change their compensation strategy, how schools have navigated those changes, and the resulting impacts relative to their mission-aligned goals. Eight virtual focus

**Focus group participants were:**

**54%**

**chief financial officers**

**34%**

**human resources professionals**

**12%**

**heads of school**

groups included 59 school representatives from 58 schools and were conducted in February and March 2023. Participants included chief financial officers (54% of participants), human resources professionals (34%) and heads of school (12%).

**Individual Follow-Up Interviews**

Analysis of transcripts from the focus group conversations helped us select specific schools for follow-up conversations. These conversations allowed us to attain a very fine-grained understanding about specific ways individual schools are seeking to implement and optimize some facet of their compensation system. In addition to descriptions of practice, in some cases we were able to collect associated artifacts from schools. Some of the interviews resulted in the development of school-level case studies, several of which are referenced in the following sections that share our findings across all phases of our research. We interviewed 24 individuals representing 15 schools (some of these schools were not participants in the focus groups, but were invited to participate in an interview based on a unique element of their compensation system).

**Scope of Roles**

In terms of the scope of roles included, this research was inclusive of all full-time school employees with one notable exception. We intentionally excluded head of school

compensation systems from our study, as they can incorporate distinct elements that are different from the compensation systems for other school administrators, faculty and staff.

Our landscape analysis was designed to provide insight about the various ways schools are approaching compensation for three primary categories of employees:

1. Members of the leadership team (school administrators aside from the head of school, as well as division heads, deans and others with director-level positions)
2. Faculty and classroom-based instructional personnel (e.g., academic support, learning specialists, teacher aides)
3. Support staff including all other salaried but non-administrator level staff and other professional support staff (e.g., guidance/college/wellness counselors; non-director members of the advancement, business, enrollment, facilities, technology and other offices)

**About the Study Participants**

Most of the schools that submitted a response to the survey (84%) were day-only schools. Boarding-day and day-boarding schools, which have enrollment comprised of both boarding and day students, represented approximately 15% of survey respondents. Boarding-only schools represented less than 1% of respondents.

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

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

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

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

**18%**

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

**29%**

**representing schools that enrolled fewer than 300 students.**

Table 1 shows the percentage of schools that participated in our study by school type.

Although most schools that responded to the survey were day-only schools, there was a substantial variation among respondents in student enrollment, operating budget and number of full-time equivalent (FTE) educators. Survey respondents indicated whether student enrollment during the 2021–2022 school year was 300 or fewer students, between 300 and 499 students, between 500 and 799 students, or 800 students or more. There was nearly equal representation across student enrollment categories, with the lowest proportion of respondents (18%) representing schools where student enrollment was between 500 and 799 and the highest proportion (29%) representing schools that enrolled fewer than 300 students. The operating budgets of schools responding to the

survey ranged from less than \$1 million to greater than \$50 million. See Table 2 for full distribution.

The number of full-time equivalent educators in responding schools is positively correlated with student enrollment and the operating budget. The number of administrator FTEs was an average of 13 and a median of 11. The average and median faculty and instructional staff FTE was 71 and 60, respectively. Responding schools employed, on average, 25 support staff FTE.

There was little variation in the percentage of operating budgets devoted to employee compensation and benefits by school type. Most schools indicated that salaries accounted for 65 to 75% of the operating budget, with an average of 68% and a median of 70%. Schools with at least some boarding students allocated a lower percentage (60%), on average, of their operating budgets to employee compensation than day schools (70%).

**TABLE 2. Operating Budgets of Schools Participating in the Survey, 2021–22 School Year**

Operating Budget for the 2021–2022 School Year	Number of Schools	Percent
Less than \$1 million	5	1.23
Between \$1 million and \$2.99 million	27	6.67
Between \$ 3 million and \$4.99 million	37	9.14
Between \$ 5 million and \$6.99 million	35	8.64
Between \$ 7 million and \$8.99 million	30	7.41
Between \$ 9 million and \$11.99 million	54	13.33
Between \$ 12 million and \$14.99 million	42	10.37
Between \$ 15 million and \$19.99 million	53	13.09
Between \$ 20 million and \$29.99 million	58	14.32
Between \$ 30 million and \$49.99 million	43	10.62
\$50 million or greater	15	3.7
Did not answer	6	1.48
<b>Total</b>	<b>405</b>	<b>100</b>



# TRENDS IN COMPENSATION AND BENEFITS: SURVEY FINDINGS

**In terms of base salary structure, for faculty and instructional staff,**

**56%**

**of schools used step and lane**

**13%**

**performance-based**

**17%**

**banded and**

**14%**

**another structure, such as cost of living increases.**

## Compensation Systems in Independent Schools

To start, some definitions on compensation:

- **Total compensation** for educators generally includes a combination of base salary, cash bonuses or stipends, and benefits. ([See page 28 for a more extensive formula.](#))
- **Base salary** usually accounts for the largest proportion of total compensation and is the amount of money educators receive prior to salary supplements and benefits.
- Most schools use a **salary schedule** to establish a minimum, maximum and annual increase in base salary.
- **Cash bonuses** are one-time, after-the-fact payments not built into base pay, and **stipends** are up front additions to base pay that are not permanent.
- **Benefits** are non-monetary compensation offered to educators in addition to salary, such as medical, dental and life insurance.

And definitions on salary structure types:

- In a **step and lane salary structure**, faculty and staff with similar qualifications, such as degrees attained and years of experience, are paid the same. This is the most traditional model.
- In a **banded salary structure**, all roles in an organization are placed in bands with minimum and maximum pay. Bands provide consistency, transparency and some flexibility. Employees can be placed in a band, and move from one band to the next, based on a variety of factors such as meeting performance goals and years of experience.

- In a **performance- or merit-based salary structure**, compensation is based on a wide variety of measured or perceived contributions an employee makes to the mission or goals of the school.

For additional information on types of base salary structures, see the [narrative on the historical context of teacher pay](#) on the [Mission-Anchored Compensation Strategies](#) web page. ([nboa.org/compensation](http://nboa.org/compensation))

## Base Salary Structure

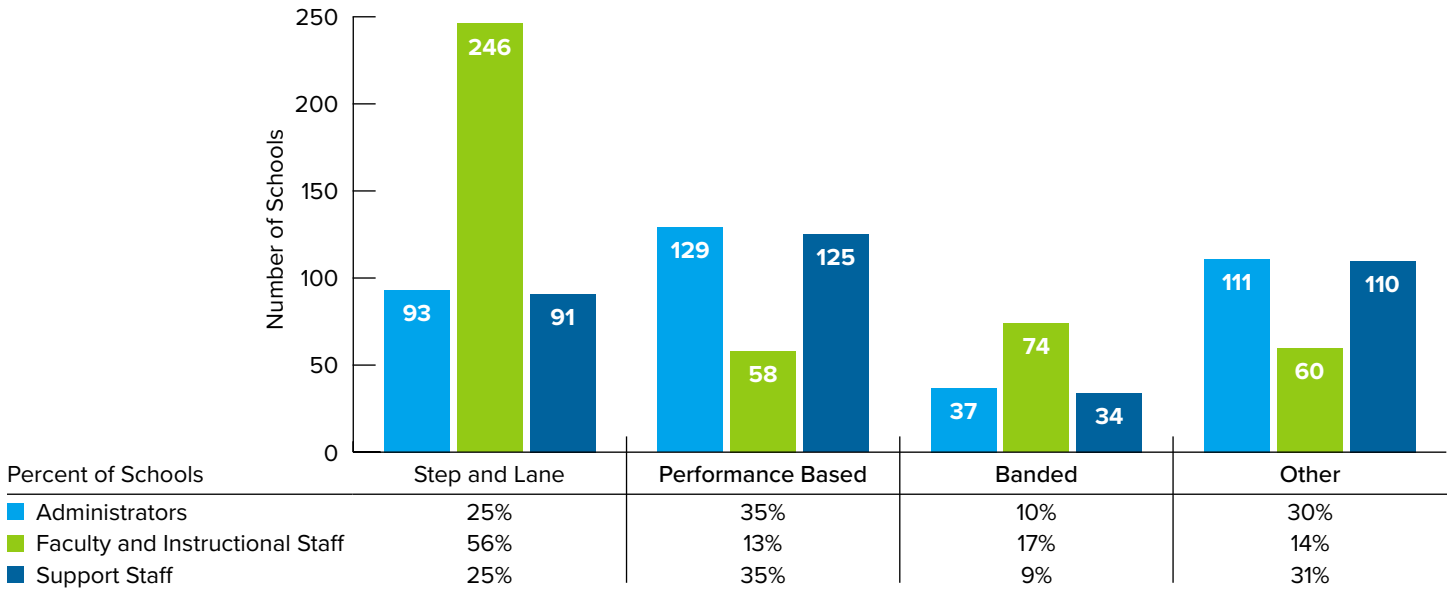
Schools that responded to the survey varied in their approach to setting base salaries for administrators, faculty and instructional staff, and support staff ([See Figure 1](#)).

For **faculty and instructional staff**, more than half (56%) of schools indicated using a step and lane salary structure for determining base salaries. A relatively smaller percentage of schools used a performance-based salary structure (13%), banded salary structure (17%), or some other structure such as annual cost of living adjustments, flat dollar amount or percentage increases or increases relative to a local or national benchmark (14%).

For **administrators and support staff**, however, schools responding to the survey were more likely to use something other than a step and lane salary structure for determining base salaries. Only 25% of schools indicated using a step and lane structure for administrators, while 35% used a performance-based structure, 10% used a banded structure, and 30% used some



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



other structure. For support staff, 25% of schools used a step and lane structure, 35% used a performance-based structure, 9% used a banded structure, and 31% used an alternative structure.

Schools using something other than a step and lane, performance-based, or banded salary structure to compensate administrators and support staff took a variety of approaches. Of those using other forms of salary systems, for administrators and faculty, 20% of schools provided cost of living increases annually, 43% provided a flat dollar amount or percentage increase, 17% provide an increase relative to a local or national benchmark, 5% gave performance-related increases, and 15% did not provide an explanation for how they determined annual increases. For support staff, 80% of these schools provided cost of living increases, 15% provided increases based on local or national benchmarks, and 5% did not provide annual increases.

### Stipends and Cash Bonuses

Some schools used stipends or cash bonuses to supplement base salaries for administrators, faculty and instructional staff, and support staff.

Of the schools responding to the survey, 25% gave cash bonuses or stipends to administrators, 49% gave them to faculty or instructional staff, and 21% gave them to support staff. The size of the cash bonuses and stipends varied within and across schools for faculty and instructional staff. The lowest cash bonus or stipend amount ranged from \$100 to more than \$6,000 and the highest bonus or stipend amount ranged from \$100 to more than \$100,000. The median difference between the highest and lowest bonus or stipend amount within a school was \$4,300.

### Benefits

Schools participating in the survey offered a range of benefits to educators (See Table 3). Many schools uniformly offered employees medical and life insurance, contributions to a retirement plan, paid sick leave, paid maternity leave, and tuition remission. More than 80% of schools offered administrators paid time off (88%) and paid professional development (93%), but fewer schools extended these benefits to faculty (67% paid time off and 56% paid professional



**Faculty are significantly more likely to receive tuition assistance and tuition remission than administrators and support staff, but are less likely to receive professional development and paid time off relative to administrators.**

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

Benefit Type	Administrators	Faculty	Support Staff
Group medical insurance	95	96	95
Defined benefit or defined contribution retirement plan	93	93	91
Paid professional development	93	56	55
Paid sick leave	92	92	92
Group life insurance	91	90	89
Paid time off	88	67	86
Tuition remission	80	81	76
Paid maternity leave	65	65	65
Paid paternity leave	56	56	55
Tuition assistance for personnel	52	62	46
Subsidized meals	38	38	39
Housing or rental assistance	21	19	10
Subsidized transportation	7	6	95
Student loan repayment	1	1	1
Other	14	15	14

development) and support staff (86% paid time off and 55% paid professional development).

One domain where faculty members receive the highest relative percentage of support from schools (62%) is in tuition assistance for themselves (to pursue graduate degrees) compared to 52% of schools offering this benefit for administrators and 46% for staff. Across the board, a smaller percentage of schools offered employees subsidized meals, housing and transportation, with the notable exception of 95% of schools offering subsidized transportation for support staff. The most uncommonly offered benefit from respondent schools was student loan repayment, with just 1% offering this

as part of their systems to attract and retain administrators, faculty and staff.

There are several statistically significant differences in the benefits offered to administrators, faculty and support staff. Faculty are significantly more likely to receive tuition assistance and tuition remission than administrators and support staff, but are less likely to receive professional development and paid time off relative to administrators. Support staff generally receive fewer benefits than administrators and faculty. Compared to these groups, support staff are slightly less likely to receive medical insurance, life insurance, retirement assistance, and significantly less



**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.**

likely to receive tuition assistance, and housing or rental assistance. However, support staff are significantly more likely than administrators and faculty to receive subsidized transportation and more likely than faculty to receive paid time off.

Several schools offered benefits in addition to those listed in Table 2. Of the schools that indicated providing additional benefits, 15% provided additional days off through personal days, sabbaticals or other paid time off. Another 45% provided dental, vision or short- and long-term disability insurance on top of medical and life insurance. Just 6% of schools provided health and wellness benefits such as gym memberships or wellness stipends, and 9% offered free or subsidized childcare.

### **Total Compensation**

The relative percentage of total compensation contributed by base salary, benefits and bonuses or stipends was not dependent on the type of salary system used by a school. Across the board, 80% of total compensation came from base salary, 18% came from benefits, and 2% came from bonuses or stipends regardless of the type of salary system in place.

### **Mechanisms for Determining Pay**

Although the components of total compensation are the same across schools, the mechanisms for determining pay varied across schools and position type (See Figure 2). For administrators, faculty and instructional staff, and support staff, years of experience was the most frequently used determinant of compensation. However, other than years of experience, the determinants of compensation with at least 50% representation among schools that responded to the survey varied across position types.

For administrators, the most common determinants of compensation after years of experience were level of education (55%) and years employed at the school (49%). For faculty and instructional staff, the most common after years of experience were level of education (86%),

having additional roles and responsibilities (72%), teaching load (66%), and years employed at the school (54%). The most common determinant of compensation for support staff was years of experience and having additional roles and responsibilities (72%).

Merit and performance were less common determinants of compensation among schools that responded to the survey (See Figure 2). Focus group participants indicated that schools measured performance or determined merit in a variety of ways, including through formal educator evaluation systems and performance assessments made by division heads, department chairs or heads of school. While in the minority, these schools are using measures to place employees on a salary scale, make decisions about annual increases, and/or determine bonuses and stipends.

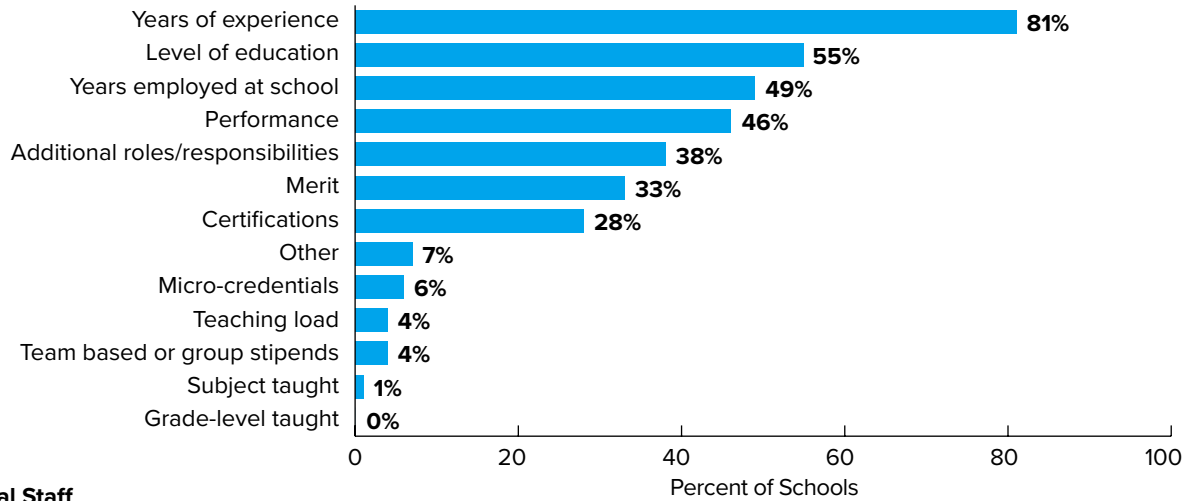
For administrators, 46% of schools affirmed using performance and 33% of schools used merit as a factor in determining compensation. For faculty and instructional staff, 26% of schools used performance and 31% used merit to help determine compensation, and for support staff, 44% of schools used performance and 31% used merit to help determine compensation. This shows performance- or merit-based compensation systems least prevalent among faculty compared to their colleagues working in administrative or staff roles.

The use of performance as a factor in determining compensation was more common in schools characterizing their systems as being performance-based or those using a banded salary structure. Schools employing these models used measures such as faculty self-evaluations, observations by school leaders or peers, assessments of whether goals were met, portfolios or presentations of evidence demonstrating meeting standards set by the school, or demonstrations of mastery of teaching skills, knowledge and behavior as evidence of educator quality. Banded salary systems are similar to performance-based systems when an employee's performance

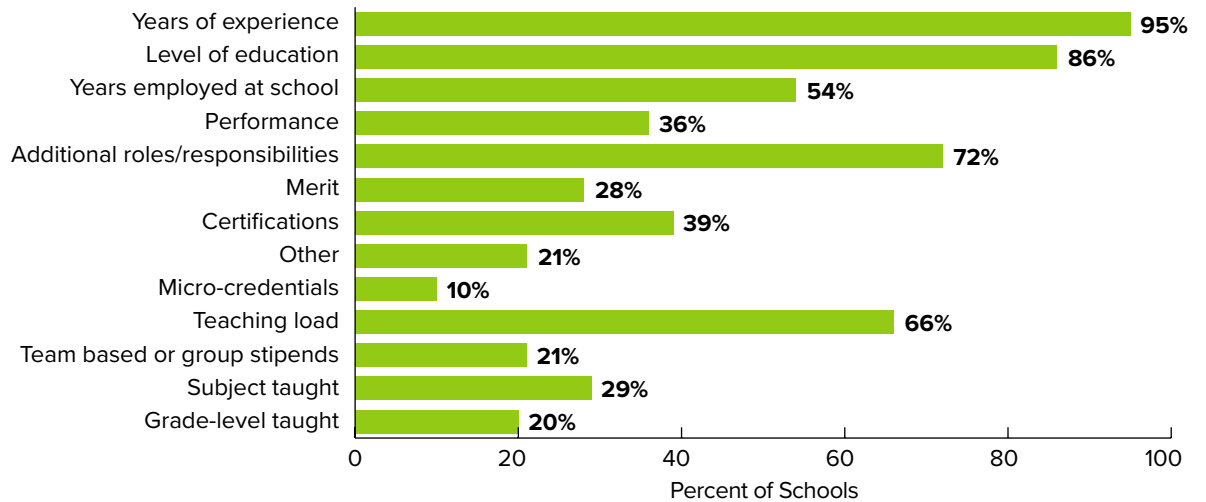


**FIGURE 2:** Determinants of Compensation for Administrators, Faculty and Instructional Staff, and Support Staff, 2021–22 School Year

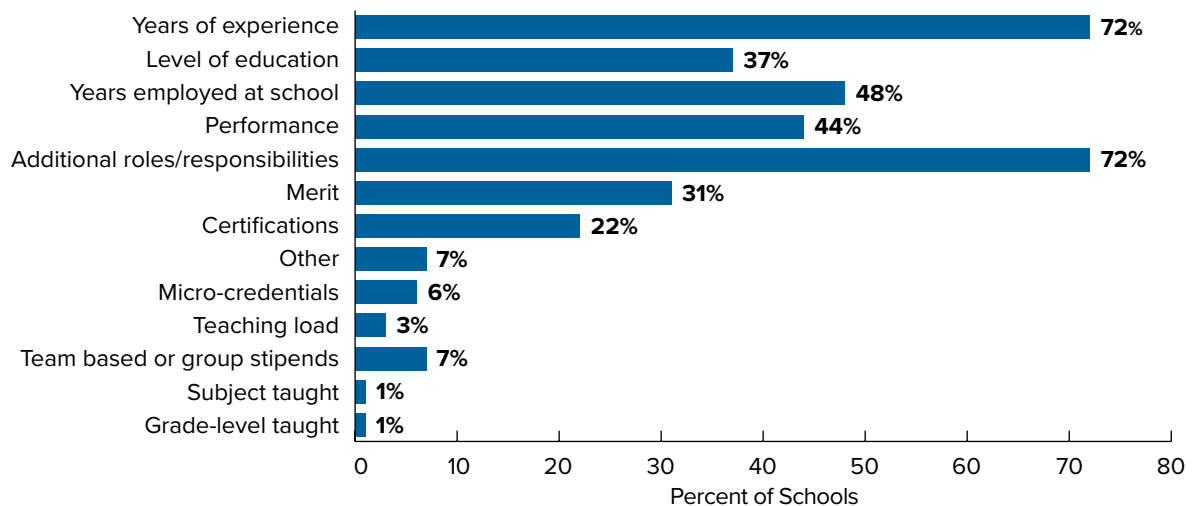
**Administrators**



**Faculty and Instructional Staff**



**Support Staff**







**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.**

**TABLE 4. Faculty and Instructional Staff Pay Distribution Based on Degrees and Years of Experience. 2021–22 School Year**

Education and Experience	Average	Median
Salary for bachelor’s degree and no teaching experience	\$ 45,263	\$ 43,952
Salary with a master’s degree and no teaching experience	\$ 48,356	\$ 47,500
Salary with a bachelor’s degree and 10 years of experience	\$ 56,795	\$ 55,000
Salary with a master’s degree and 10 years of experience	\$ 61,022	\$ 58,006
Salary with a bachelor’s degree and 15 years of experience	\$ 62,603	\$ 60,000
Salary with a master’s degree and 15 years of experience	\$ 66,929	\$ 65,000

(however a school seeks to define and measure it) is used to determine movement within and across salary bands.

**Pay Distribution Overall and By Type of Salary Structure**

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 (See Table 4).

Across all schools participating in the survey, the average teacher with a bachelor’s degree and no experience received a total compensation of \$45,263 in the 2021-22 school year. For those teachers with a master’s degree and no experience, the average total compensation was \$48,356, which represents an average value of a master’s degree for a beginning teacher as just over \$3,000 additional salary. However, the largest increases in total compensation were most correlated with additional years of experience. For example, the average teacher with a bachelor’s degree and the average teacher with a master’s degree at entry gained \$17,340 and \$18,573, respectively, in annual total compensation between entry and their 15<sup>th</sup> year of experience. However, progress along

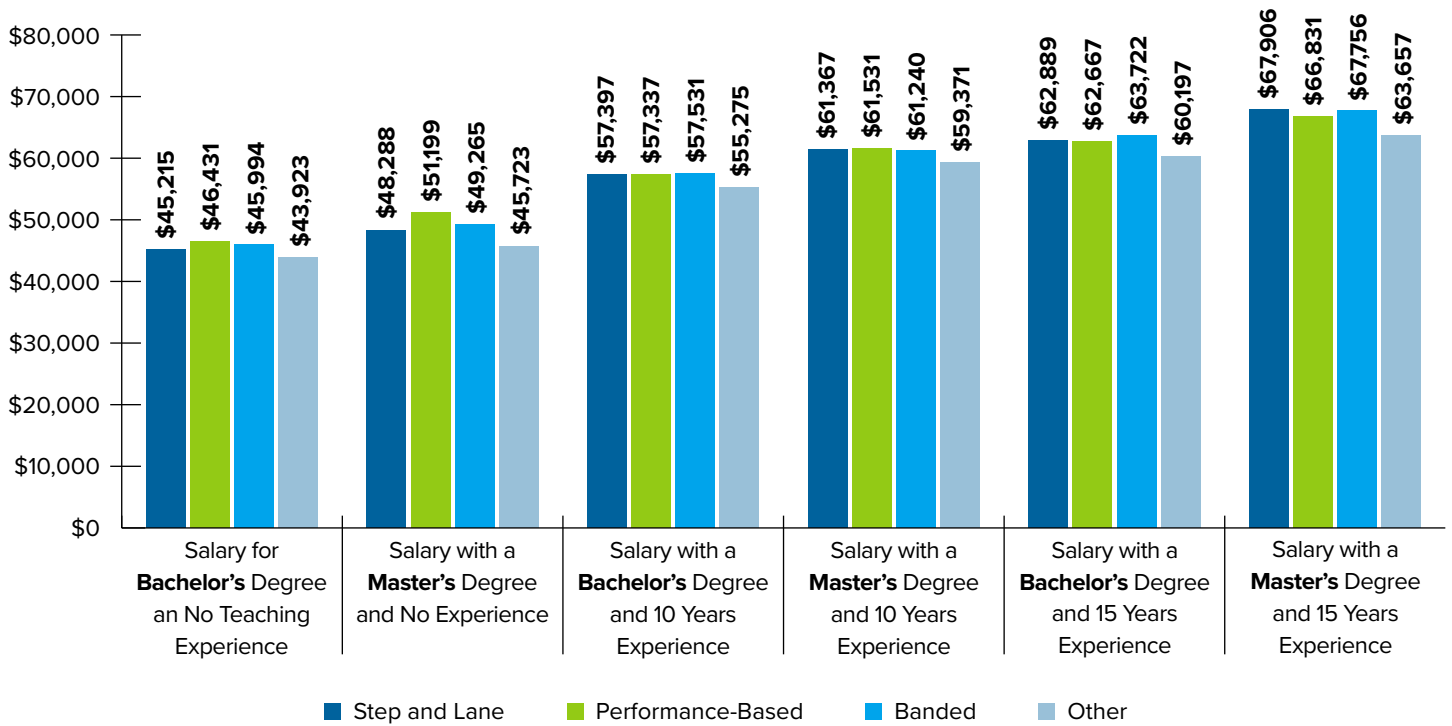
the salary schedule remains slow as these gains represent annual increases of only \$1,156 and \$1,238 respectively.

One implication of this is known as a “selection effect”—the influence that compensation structures have upon who “selects” a certain field as a career. For decades, the field of education’s reliance on the step and lane compensation structure has incentivized longevity and advanced degrees, regardless of the correlation of the degree to the employee’s current roles and responsibilities. The results of our research indicate that while the historical impact of the step and lane structure are still felt today, our independent school community is looking for creative ways to evolve.

For example, there was clear variation across schools in the total compensation given to faculty and instructional staff at all levels of experience and degrees. However, total compensation did not vary significantly across the type of salary structure among schools participating in the survey (See Figure 3). Average total compensation for teachers on performance-based and banded salary structures was slightly higher than the average for teachers on a step and lane structure for teachers with no experience. Participants in the focus groups and interviews from schools with a performance-based salary structure noted one of the challenges of implementing



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



**At schools with some other salary structure, such as automatic percentage increases or annual cost of living adjustments, average total compensation for teachers was lower than at schools with a step and lane, performance-based or banded structure.**

this model was placing new faculty members on the salary scale with no direct evidence of their performance as a teacher.

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. Findings from the focus groups and interviews suggest that even in schools with a performance-based salary structure, educational attainment and years of experience still factor into a faculty member's placement on the salary scale. In some schools with a performance-based salary scale, performance evaluations are not conducted annually, or participation in the performance evaluation process is an option faculty members can opt into, so teaching performance does not necessarily weigh heavily in annual salary determinations for all faculty members.

There was a statistically significant difference at all six career stages between the average total compensation of schools that used a salary structure other than the step and lane, performance-based or banded structure. At schools with some other salary structure, such as automatic percentage increases or annual cost of living adjustments, average total compensation for teachers was lower than at schools with a step and lane, performance-based or banded structure.

**Strategies for Establishing Benchmarks for Setting Total Compensation**

Schools indicated that some common benchmarks influence the components of total compensation. The most common benchmarks for setting base salaries and benefits were operating within the school budget (98% and 97%) and benchmarks at other independent schools (96% and 94%). Schools often benchmark salaries at other independent schools by using



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

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

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

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%).

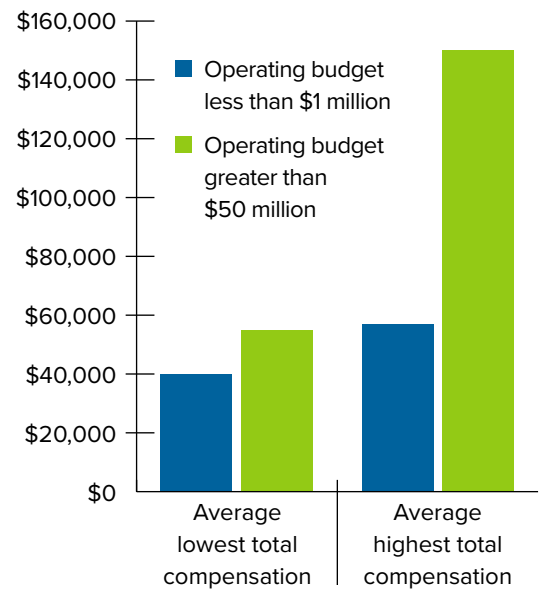
Because schools' operating budget is a key benchmark for setting total compensation, it's not surprising that the size of the operating budget is correlated with a number of factors: average total compensation, average lowest total compensation, and the average highest total compensation for full-time faculty or instructional staff.

For example, the average total compensation for a teacher with a bachelor's degree and no experience was \$37,550 in schools with an operating budget less than \$1 million but \$57,936 in schools with an operating budget greater than \$50 million. As Figure 4 displays, the average lowest total compensation at schools with a budget of less than \$1 million was approximately \$40,000, while the lowest average total compensation at schools with a budget of \$50 million or more was approximately \$55,000. The average highest total compensation at schools with a budget of less than \$1 million was just over \$50,000, while at schools with a budget of \$50 million or more, it was nearly \$150,000.

### Trends in Schools Making Recent Changes to Their Salary System

Almost a third (31%) of schools participating in the survey reported making substantial changes to their compensation structures for administrators, faculty and instructional staff, and/or support staff within the past five years. The reported changes varied from making slight adjustments to individual elements of an existing compensation system, to adopting an entirely new model.

**FIGURE 4:** Compensation for a Teacher with a Bachelor's Degree and No Experience, 2021–22 School Year





**Moving away from a traditional step and lane structure will not necessarily cost more—but it does represent an opportunity to bring greater mission alignment to the way schools allocate their largest budget line item.**

For example, one school reported changing benchmarks to the local public school system to raise the entry level base salary, while another school reported designing a new banded salary structure that increased base salary for current faculty and stopped arbitrary salary agreements for new hires.

Schools that made recent revisions to their compensation system had similar total compensation, on average, for faculty and instructional staff as schools that had not made a recent change. The average total compensation for teachers at all experience and educational levels was not significantly different in schools with a recent change to a salary structure relative to schools without a recent change. This is another data point that illuminates a finding that moving away from a traditional step and lane structure will not necessarily cost more—but it does represent an opportunity to bring greater mission alignment to the way schools allocate their largest budget line item.

Schools that made recent revisions to salary structures were more likely to have banded salary structures for administrators and faculty and staff. More than 25% of schools with a recent change in salary structure reported using a banded salary structure for faculty and staff, which was significantly higher than the percentage of schools without a recent change that used a banded salary structure (15%). Similarly, almost 14% of schools with a recent change reported using a banded salary structure for administrators, which was comparatively higher than the percentage (8%) among schools without a recent change. Schools in our study that made a recent change were significantly less likely to report using a performance-based salary structure (9%) relative to schools without a recent change (18%). There was not a significant difference between schools with and without a recent change in reported use of step and lane, performance-based, and banded salary structures for support staff.

This survey data, endorsed by insights from the focus groups and interviews, suggest that

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. And yet, a prevailing challenge of any compensation system that includes an assessment of performance is measurement—the specific ways a school defines and assesses administrator, faculty and staff performance. As we know, what is valued and what gets measured gets done, but in the field of education, reliable and valid measurements of impact, both for individuals and teams, is no small task.

## **Intentions and Outcomes of Compensation Models**

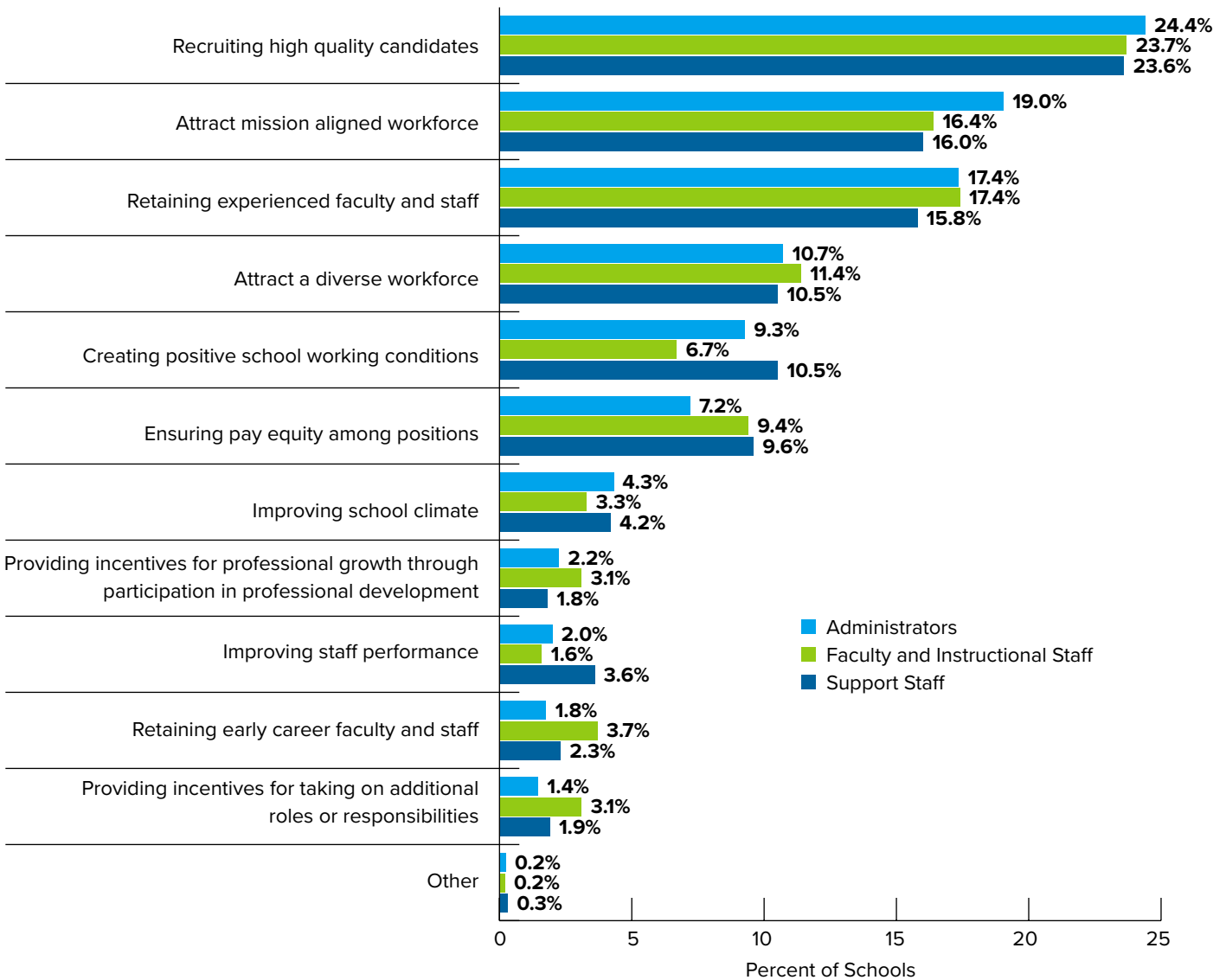
### *Intentions*

Given the beautifully independent nature of independent schools, it's no surprise that schools aim to accomplish a variety of outcomes with their salary systems (See Figure 5). Their goals, however, did not vary significantly across position type, meaning schools used their compensation and benefits systems to accomplish similar goals for administrators, faculty and instructional staff, and support staff.

**Recruiting high quality candidates, attracting a mission aligned workforce, and retaining experienced professionals** were the top three desired outcomes of compensation structures. Although not as frequently cited as the top three outcomes, between 7 and 10% of schools reported that **attracting a diverse workforce, creating positive working conditions** and **ensuring pay equity** were desired outcomes of their salary structure. A smaller percentage of schools indicated that **improving school climate, improving staff performance, retaining early career educators** and **providing incentives for taking on additional roles and responsibilities** were goals of the compensation structure.



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



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

Schools with a performance-based salary structure indicated slightly different intended outcomes than schools with a step and lane structure. Schools with a performance-based salary structure for administrators were significantly more likely to indicate that desired outcomes of the compensation system were improving staff performance, improving school climate, and ensuring pay equity. Schools with a performance-based salary structure for faculty

were significantly more likely, on average, to report intended outcomes as providing incentives for taking on additional responsibilities, providing incentives for professional growth, and improving staff performance than schools with a step and lane structure. Schools with a banded salary structure reported having similar intended outcomes for their compensations systems as schools with a traditional step and lane structure, perhaps signaling the importance of context as



**More than half of schools that aimed to ensure pay equity, recruit high quality candidates, or provide incentives for taking on additional roles and responsibilities reported achieving those outcomes for administrators and faculty and instructional staff.**

it relates to determining the right model and model components to best meet a school's needs. Different compensation systems will impact school culture in nuanced ways, and potentially result in additional outcomes.

Schools with a recent change in salary structure also reported slightly different intended outcomes than those schools without a recent change. For administrators, schools with a recent change were more likely, on average, to report intended outcomes as improving school climate and ensuring pay equity relative to schools without a recent change. Similarly, schools with a recent change in pay structure were more likely to report improving school climate for faculty and instructional staff as an intended outcome relative to schools without a recent change.

### Outcomes

Many schools reported achieving their desired outcomes for administrators and faculty and instructional staff (See Table 6 below).

Among schools that listed intended outcomes as retaining experienced faculty and staff or attracting a mission-aligned workforce, about three quarters reported achieving those outcomes. These objectives will become increasingly challenging and at the same time increasingly important amidst the backdrop of evolving workforce trends.

More than half of schools that aimed to ensure pay equity, recruit high quality candidates, or provide incentives for taking on additional roles and responsibilities reported achieving those

**TABLE 6. Percentage of Intended Outcomes Attained by Position Type, 2021–22 School Year**

Intended Outcome	Administrators		Faculty		Support Staff	
	% with Intention	% Attain	% with Intention	% Attain	% with Intention	%Attain
Attract a diverse workforce	5%	50%	37%	51%	32%	53%
Attract mission aligned workforce	75%	68%	53%	75%	49%	73%
Creating positive school working conditions	4%	61%	22%	49%	73%	61%
Ensuring pay equity among positions	54%	77%	30%	59%	73%	11%
Improving school climate	6%	32%	11%	52%	49%	75%
Improving staff performance	22%	54%	5%	29%	6%	58%
Providing incentives for professional growth through participation in professional development	13%	54%	10%	44%	6%	35%
Providing incentives for taking on additional roles or responsibilities	29%	55%	10%	63%	11%	51%
Recruiting high quality candidates	33%	54%	77%	67%	29%	53%
Retaining early career faculty and staff	7%	39%	12%	54%	13%	50%
Retaining experienced faculty and staff	7%	75%	57%	73%	30%	58%



**Schools with a banded salary structure 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.**

outcomes for administrators, and faculty and instructional staff.

There were three intended outcomes for which fewer than half of schools reported achieving. For administrators, the goals of improvements in school climate and retaining early career administrators were achieved by only 32% and 39% respectively of schools that listed them as an intended outcome. For faculty and instructional staff, 29% (of 21) schools reported achieving the goal of improving staff performance, 44% (of 41) schools reported successfully providing incentives for professional growth, and 49% (of 88) schools reported creating positive working conditions at school. Clearly, ensuring pay equity among staff positions is an area of substantial potential growth. While this outcome was attained for administrators at 77% of schools and for faculty members at 59% of schools, it was attained for support staff at only 11% of schools.

The operating budget is a constraint no matter the type of salary system a school employs, and all schools listed it as an important factor in determining total compensation. Schools with larger operating budgets, on average, pay more. This means that schools with larger budgets may have more flexibility to make changes to salary structures that would introduce significant variation in total compensation across employees, like a performance-based or banded structure might. Among the schools in our survey that made a recent change to their compensation system, most moved to a banded salary structure.

***Comparing Performance-Based, Banded and Step and Lane Structures***

Schools with performance-based and banded salary structures reported achieving some outcomes at different rates than schools with a step and lane structure. For example, schools with a performance-based salary structure reported achieving outcomes related to improving administrator and faculty performance at a significantly higher rate relative to schools with a step and lane structure. However, given the small number of schools that set improving performance outcomes as a goal for administrators or faculty and instructional staff, this finding should be treated with caution, while also representing an area of promise. Schools with a banded salary structure 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.

Schools that use, or recently changed to, a performance-based compensation model contend it is a mechanism for improving staff performance, school culture and pay equity. These schools were more likely to report these as intended outcomes and indicated that they accomplished goals related to these outcomes. This finding counteracts a generally held belief that a step and lane structure is believed to be most equitable because salary increases are based on observable characteristics like degrees and years of experience, rather than an evaluation score or another measure of performance that is more complex and could be perceived as more subjective.



# VARIATIONS IN APPROACH: FOCUS GROUP FINDINGS

**T**o better understand findings that surfaced during our survey research, we conducted a set of focus group conversations. This approach allowed us to explore nuances and variations that exist across a set of schools that have made recent changes to their compensation systems or that were considering innovative approaches to the ways they attract, acknowledge and retain mission-aligned employees. Our focus group research included eight Zoom-based conversations with combinations of heads of school, CFOs and human resources professionals. The two-hour discussions were each comprised of 5 to 10 individuals that represented day and boarding schools of all sizes and budgets in various geographic locations and market types. Participants came from schools with varying compensation models.

## Challenges Meeting the Financial and Cultural Expectations of Faculty & Staff

All focus group participants affirmed that external forces, such as the massive shift to


remote work that the pandemic catalyzed alongside changing societal and generational expectations about flexible work arrangements, have disrupted the traditional hiring equation for independent schools. These external forces are placing unprecedented operational and cultural pressure on schools as they seek to meet the increasing financial and wellness expectations of prospective teachers and staff.

Across the focus group conversations, some of the most cited challenges to hiring and retaining staff in the domain of “financial expectations” included market forces, candidates’ misaligned financial expectations, the high cost of living (especially rising housing costs), and niche roles becoming harder and more expensive to fill. In the domain of “cultural and wellness expectations” the prevalent challenges included demands for increased flexibility in working arrangements, diminished appeal of the teacher-coach-mentor (“triple threat”) model common in many independent schools, an increased demand for stipends, and a lack of opportunities for rapid career trajectory 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





**“We have a lot of people who want to come to [our large, popular city]; it’s a place that people want to move to, which helps us. But housing is an issue. We’re a pretty well-resourced school, but we don’t have the big fat endowment, and so we have to cover expenses on the backs of tuition and fundraising to be able to pay for faculty and staff.”**

**—CFO, Western U.S.**

### **Job Market**

Historically, competing with outside markets and other industries may have been a challenge primarily when hiring staff positions, or those teaching in particular subject areas, but today, it is much more prevalent across roles. One human resources director from a day school in the Mid Atlantic shared challenges imposed by the marketplace impacting hiring: “On the staff side, it’s hard to attract people. We’ve had some trouble finding development and business office staff. We just wrapped up a search, and it was really hard because we’re competing with the outside market, corporations who allow flexibility with their schedules and support working remotely.”

### **Financial Expectations**

The challenge of misaligned financial expectations seems to be quite prevalent as schools interview candidates moving from “big city” markets who carry those salary hopes with them. As one chief financial officer from a day school in the Southwest described: “I would say we get really good candidates because we’re in [a large and growing city], but we have a really hard time landing them because of where our salary scale falls. Our applicant pool is full of people from California, and they have California expectations of salary, and we do not have a California salary scale.” This challenge also reflects the wide-ranging recruitment pool that independent schools draw from. Independent schools often do not just rely on local candidates, so communicating about what the total compensation package entails is vitally important.

### **Cost of Living**

While less pronounced in more rural settings, cost of living and affordable housing were among the most pervasive challenges impacting hiring and retention efforts during the past two hiring cycles and impacts both day and boarding school markets. For example, one human resources director at a boarding/day school in the West

noted: “A lot of people would like to work for us, but what has become increasingly difficult is the housing situation. We used to be able to house all our employees in school owned units, but we’ve outgrown our stock. We are in an area where cost of living is very high, especially housing. We provide a modest stipend for unhoused faculty and staff, but pure and simple, cost of housing is our biggest drawback in hiring.”

A chief financial officer at a day/boarding school in the East noted: “When folks apply, they’re under the assumption that housing will automatically be part of their compensation. If we have any issues with attracting employees, it has far more to do with housing than it does with salary or standard benefits.”

A day school chief financial officer in the West shared a common dilemma experienced by so many cities across the country that have seen escalating home prices: “We have a lot of people who want to come to [our large, popular city]; it’s a place that people want to move to, which helps us. But housing is an issue. We’re a pretty well-resourced school, but we don’t have the big fat endowment, and so we have to cover expenses on the backs of tuition and fundraising to be able to pay for faculty and staff.”

### **Finding Specialists**

As schools seek to live out their distinctive missions, some are finding it increasingly difficult to find mission-aligned specialists for particular grade levels and subject areas. Hiring challenges were also noted by leaders from schools with specific educational approaches such as Waldorf schools, Montessori schools, schools for students with learning differences and language immersion schools. While these specialized approaches make the schools unique, it is challenging for these schools to find and hire individuals with the combination of skills, training and expertise these learning environments require. For example, a recruitment director at an international school shares: “Nearly every school has extra challenges filling upper grade STEM roles. Well, in addition,



**“I had a middle school math teacher who left last year, who said, ‘I can make twice as much being an actuary while sitting in my pajamas all day.’ You don’t go into teaching for the love of money necessarily, but it’s hard to compete with alternative options. On the staff side, we’ve tried to be creative when we can, and we’re even having to think on the faculty side about our schedules and what kinds of flexibility can we possibly build in because it’s an expectation for people now.”**

**—Human Resources Director, Mid Atlantic U.S.**

we use a very specific problem-based pedagogy for upper grade math. And so, we are looking for candidates who have exceptionally deep content knowledge and a very student-centered pedagogy. That shrinks the pool even further.”

### **Flexible Work and Work Hours**

In addition to emergent financial expectations, the past few years have fostered an array of cultural expectations that current and prospective independent school employees are prioritizing in their decision-making process. Increased desire for flexibility in work arrangements is an important one. As one human resources director at a day school in the Mid Atlantic shared: “I had a middle school math teacher who left last year, who said, ‘I can make twice as much being an actuary while sitting in my pajamas all day.’ You don’t go into teaching for the love of money necessarily, but it’s hard to compete with alternative options. On the staff side, we’ve tried to be creative when we can, and we’re even having to think on the faculty side about our schedules and what kinds of flexibility can we possibly build in because it’s an expectation for people now.” In the past, working at a school was a relatively flexible career, when accounting for school holidays and summer break. But in the past two years, as so many industries have shifted to remote work, the relatively stagnant level of flexibility associated with working in schools seems relatively diminished.

Another trend that is impacting many schools is the waning appeal of the “triple-threat” model, where new teachers would serve as teacher, coach and mentor (for clubs or activities or by serving in a dorm). Speaking to changing tides, one chief financial officer at a boarding/day school in New England shared: “What we’re seeing with younger people is that they don’t want to teach, coach and work in the residential program. So it’s getting harder to attract the highest quality candidates not just to come but to stay. So it’s a double challenge.”

### **Demand for Professional Growth**

Another challenge schools are contending with is an increasing interest in, and demand for, leadership opportunities, as current and prospective candidates are keen to be on a growth trajectory. While new faculty increasingly inquired about such opportunities, our focus group respondents highlighted mid-career teachers as being most affected. As one chief financial officer at a day/boarding school in the Mid Atlantic shared, “One thing that I see too that’s not necessarily about recruiting but about retention is that we lose some really outstanding candidates because there’s just not a growth path right then and there that can give them the leadership that they’re craving so much.” The leadership structures in independent schools can make providing a robust career path difficult, with limited positions available and no district or state education office role to move into.

See the [Mission-Anchored Compensation Strategies Implementation Guide](https://www.nboa.org/compensation) for creative ideas for engaging mid-career professionals at your school. ([nboa.org/compensation](https://www.nboa.org/compensation))

Similarly, a human resources director at a school in the Mid Atlantic shared: “We’ve been doing morale surveys the last three years, and we find higher morale in our newly hired teachers. And the areas where we struggle most are with teachers who have 10 years plus experience at our school. I find the people that we have the hardest time retaining are usually in that band, and they’re questioning whether or not they want to stay in the profession.”

One human resources director from a day school in the Southeast synthesized these challenges in this comment: “I think within the independent school community we’re noticing *high salary expectations* for sure, but we’re also noticing expectations around *wellness*, and



**At the outset of our yearlong study, we imagined a scenario where we very well might discover a new model of compensation, one that hadn't yet hit the radar of the independent school community. What we found instead were promising practices and innovations within the individual components of a total compensation system, of which a particular model is one element.**

around initiatives for *diversity, equity, inclusion and belonging*. *Flexibility in scheduling* is of paramount importance. People don't want to teach 25 class periods in a week with no breaks. They don't want rotating class days and all of that. We're also finding that people really want *more stipends* than before. In a nutshell, there's simply not much interest in what our leaders call the old school, independent school or boarding school model where you get a dollar amount and trade for that, where you are married to the school 24/7 and may even live on campus. People want to be paid for everything and they want more flexibility in order to tend to their personal lives.”

### **Innovations in Compensation Systems and Benefits**

While focus group members were quick to highlight an array of enduring and emergent challenges that schools face in meeting the expectations of current and prospective employees, they were equally adept at sharing ways they are working to find creative solutions and innovative responses via their compensation and benefits systems.

At the outset of our yearlong study, we imagined a scenario where we very well might discover a new model of compensation, one that hadn't yet hit the radar of the broader independent school community. What we found instead were promising practices and innovations within the individual components of a total compensation system, of which a particular model (step and lane, banded, etc.) is one element. What also became clear is that what works as an innovative solution in one setting would potentially not work in another school community. While there are no “silver bullets” that can be applied uniformly, a wide array of promising practices surfaced during our focus group conversations that are worth consideration. Several of the ideas referenced in this section are described in further detail in our companion set of case studies:

- [IMPACT Evaluation Model](#) (Avenues School)
- [Implementing a Faculty Pay Scale](#) (Stevenson School)
- [Inclusive Workplace Culture & Banded Salary Structure](#) (Graland Country Day School)
- [Innovative Executive Compensation](#) (Pine Crest School)
- [Performance Recognition & Faculty Excellence](#) (The Blake School)
- [Professional Advancement Model](#) (The Hun School of Princeton)
- [Salary Increase Calculator for Fair & Competitive Salaries](#) (La Jolla Country Day School)
- [Using Curriculum at Scale and a Per-Student Compensation Model](#) (One Schoolhouse)
- [Using Feedback, Points System & Affinity Groups](#) (Westtown School)

### **Elements of a Total Compensation System**

The figure on [page 28](#) identifies the four major elements of a compensation system, with examples of each element that illustrate the variability that exists for schools to choose from as they construct an overall system that helps them attract, reward and retain a mission-aligned faculty, staff and leadership team. Narrating the financial value of total compensation in a way that helps current and prospective employees grasp the full value of salary and benefits packages adjusted for local market (cost of living) realities, is becoming increasingly important.

Employment at a nonprofit entity, such as an independent school, often is motivated by a shared sense of values and a belief in mission-based work. Compensation systems, including all the fiscal and non-monetary forms of recognition that they provide, are powerful ways a school communicates values and priorities. Compensation systems can be powerful levers to support professional growth that is aligned with the mission of the school.



Base Salary Structure	+	Bonuses	+	Benefits That Offset Cost	-	Costs the Candidate Will Bear	=	TOTAL FINANCIAL COMPENSATION
<ul style="list-style-type: none"> <li>Step and lane</li> <li>Banded</li> <li>Performance or merit based</li> <li>Algorithmic</li> <li>Standardized annual raises (amount or percent)</li> <li>Equity based adjustments</li> <li>Based on scope of influence or contributions</li> <li>Cost-of-living adjustment (COLA)</li> </ul>		<ul style="list-style-type: none"> <li>Recruitment</li> <li>Retention</li> <li>Subject or specialty area (hard to staff)</li> <li>Certification based</li> <li>Location based</li> <li>Discretionary/ performance or merit based</li> <li>Unused paid time off (PTO)</li> <li>Stipends for an array of “additional” duties</li> </ul>		<ul style="list-style-type: none"> <li>Housing/moving stipend</li> <li>Transportation stipend</li> <li>Tuition remission</li> <li>Student loan repayment</li> <li>Graduate school support</li> <li>Free/subsidized lunch</li> <li>Professional development opportunities</li> <li>Health insurance</li> <li>Retirement</li> </ul>		<ul style="list-style-type: none"> <li>Housing and moving costs</li> <li>Transportation costs</li> <li>Cost of living in a specific area</li> </ul>		

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

A head of school of a day school in the West described their approach to values-alignment this way: “The main question we asked ourselves is, Does our compensation system reflect our values of faculty excellence? And ultimately, education and experience were not all the criteria around faculty excellence that we valued. So that was our main catalyst to move away from [a traditional salary] scale. Therefore, we had to create rubrics and define what faculty excellence was for us. And one of the hard parts about our system, and one part that people had a lot of doubts about is that it’s a very subjective process. But that was the question that drove us.”

When implementing any alterations to a compensation model, school leaders affirmed how important it is to maintain consistent and clear communication with all members of the school community. Members of our focus groups affirmed how important transparency is, particularly when implementing a performance-based compensation model, which requires clearly articulated performance criteria.

**Stipends**

During the focus groups, we heard several schools share innovative solutions to address a culture of stipends. Schools identified the core, foundational and non-negotiable elements of faculty and staff contract duties in a systematic way, while leaving room for flexibility in how employees met the core requirements. Additional duties eligible for stipends were clearly defined and communicated in a transparent way. Read about how [The Hun School case study](#) discusses stipends, as does this Net Assets article, [“A Straight-Talking Stipend System.”](#)

**Tuition Remission**

Tuition remission remains a very popular benefit, with approximately 80% of schools providing an opportunity for employees to receive discounts for their children. Some schools have expanded this offering in recent years to include staff at the same levels as faculty and administrators, while other schools are considering a purely need-based system for all tuition discounting.



**The importance of health and wellness initiatives have been on a steady climb since the pandemic and are not showing signs of slowing down in perceived importance and value to employees.**

In addition to unique ways of leveraging forms of financial compensation to contend with the challenges of attracting and retaining faculty and staff, focus group participants shared an array of creative non-financial or cultural forms of recognition.

**Health and Wellness Initiatives**

The importance of health and wellness initiatives has been on a steady climb since the pandemic and is not showing signs of slowing down in perceived importance and value to employees. These can be used both as a recruitment tool and to foster employee retention. A chief financial officer at a day school in the Southeast noted, “We began offering a telemedicine benefit that the school pays for entirely, and it’s really easy to use. From our employees we’ve gotten positive feedback, as it saves them a copay. I feel like we’ve really seen a value add with that.”

A human resources director at a day school in the East shared, “We just implemented a robust wellness program, in addition to our health insurance program, which also includes wellness elements. We have an outside vendor who works with the school to organize and deliver programs and services. One week, for example, we may have biometric screenings, and the next week we’ll have nutritional counseling on campus. Faculty and staff have enjoyed access to so many different clinics and the health and wellness education that we offer all year.”

For additional ideas about creative benefits, see [The Mission-Anchored Compensation Strategies Implementation Guide](#) and a [list of creative benefits compiled from schools participating in the project](#). ([nboa.org/compensation](http://nboa.org/compensation))

Another way schools are seeking to acknowledge the health and wellness needs of their faculty is through an array of flexible and

extended leave options. One form this takes is paid parental leave, which some schools contend is of even higher value than added compensation. Given the amount of time spent on outside of school hour activities (grading, prepping, coaching, attending events, etc.) alleviating the burden of preparing lunch is appealing, and fiscally manageable. Several school leaders affirmed the relatively modest costs associated with covering lunch for faculty and staff to yield positive returns on school culture and climate.

**Career Development**

Schools are finding innovative ways to support the career goals of employees, and providing opportunities for ongoing professional development remains a top priority for many. Some schools innovated by dropping the requirements for paid professional development to be directly related to the curriculum. Other schools made clear in their offer letter that the school would invest in a new hire’s professional development, and even let employees accrue their professional development funds over multiple years to participate in a more robust program every few years.

One focus group member shared a recent practice of allowing teachers to save their annual allotment of professional development dollars for up to four years. This practice gives employees agency in using these funds. Some use the funds every year, and others prefer to save up for several years to engage in a more expensive professional growth opportunity. This school noted the substantial value that faculty members find in this approach. This point reinforces the importance of flexibility within compensation and benefits programs, to ensure professionals at all stages in their career find elements of these programs that speak to them.

Acknowledging that employee needs will vary based on life or career stage, one head of school of a Southeast day school shared: “We’ve spent significant time looking at the data around Gen Zers and believe that we can provide several of the markers that are important to them. For example,



**As flexible work arrangements and the prevalence of work-from-home options in adjacent industries increasingly exert competitive influence into the field of education, school leaders are seeking creative solutions.**

having a strong mentor system where they see potential for professional growth, being able to outline what professional growth looks like at our school, is important. Gen Zers want to continue to learn and so we communicate that you don't come in as a beginning teacher and stay a beginning teacher for the rest of your life—there are growth opportunities throughout their career staying with us. So we're going to come out front footed on those issues and be transparent about our mission of supporting growth."

Independent schools across the country are seeking to recognize an array of quality-of-life priorities. A human resources director at an international day school shared a new offering that has made a positive impact on campus: "We started offering an Employee Assistance Program (EAP), and people have really responded well to it. It's through a third-party provider. Employees get individual confidential counseling in psychological issues, legal issues or nutritional issues. Employees have a certain number of appointments that they can make, and the school pays for all of it as a fixed amount per staff. It's been really, really helpful for employees to know that they have this space provided and paid for by the school, but through a third-party provider for confidentiality reasons. It has helped a lot."

***Flexible Work Arrangements***

As flexible work arrangements and the prevalence of work-from-home options in adjacent industries increasingly exert competitive influence into the field of education, school leaders are seeking creative solutions. One human resources director at a day school in the West shared: "We are looking into building in a bank of work-from-home time that faculty and staff can access throughout the year, say 10 days. Already in place, one Friday a month, students stay at home and engage in online learning, and we have all of our meetings." Another human resources director at a day school in the West said: "We've had to be very flexible and are testing a model where faculty can come in, teach their blocks, and then they can

go home. All of their prep and plan time can be at home. We don't require them to be on campus unless they are fulfilling their teaching duties or in department meetings or any other meetings."

***Commitment to DEI***

One of the most impactful drivers of attracting and retaining faculty and staff is the culture and climate of an organization. As schools remain attentive to prospective faculty and staff candidates' expectations about school culture, and work to remain and better become places of belonging, they are taking intentional steps to developing their capacity for inclusion. As one human resources director at a day school in the West shared: "We have revised how we post and where we post, and it brings a very new diverse candidate pool. We ensure that the entire process for recruitment is very structured, and we get feedback from our candidates on what their experience was so we can improve."

Similarly, a human resources director from a day school in the East shared: "In addition to thoughtfully developed student DEI programming, we also have a very robust DEI program for our adult community—faculty, staff, administrators and parents. We had an organization come in to work with us together about breaking biases and understanding cultural differences. We talked about the ways we communicate with each other, paying attention to our impact on colleagues, people we work with, and our various communication styles and how important it is to understand people's value systems and what experiences that they have had and how it informs their work life."

***Concierge Services***

Exemplifying the mantra of being flexible and responsive to the needs of professionals today, one head of school in the Southeast described their work to create a culture that truly welcomes and supports individuals in the following way: "We have embraced a concierge service approach [for our employees]. And so, in the recruitment process, we explain that we're going to offer



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

full services. We'll be a realtor. We're going to provide lists for doctors and restaurants and workout spaces and yoga instructors. We're going to make it as easy as possible for you to transition into the school and community. It's going to be a transition that's going to be smooth and easy and welcoming."

**Workplace Joy**

A final category that emerged among the creative ways to attract and retain people was creating an environment that is joyful and provides opportunities for employees to have fun. Many such ideas can be implemented in any market and location, such as one human resources director at a day school in the East who shared: "We have a party planning committee that meets all year and creates all of our celebrations throughout the year. They could be based on holidays, traditional things, and then also just popup happy hours, popup bowling events, trivia nights, a wellness event where people get to bring in different foods and show how they keep things healthy, things like that."

**Administering Benefits**

A prevailing theme that emerged was the need for variety, the desire for a menu of options. This ranged from discussions about creating "a la carte" programs that gave employees choice based on their preferences and life stages, to approaches that focus in on a few core target constituencies based on geography or demographics, to an acknowledgement of the inherent tension between the desire for flexibility and the need for manageability.

While it's clear that different schools approach compensation in different ways, an overriding consensus among focus group participants emerged: namely, that schools need to find ways of messaging the full value of their compensation package. Often, faculty and staff focus disproportionately on salary. As one human resources director from a day school in the Midwest shared: "I think once we explain what


our benefits package is and how we pay, I think that's where we win [candidates] over, just from the number of vacation days to the number of holidays. I think salary is what they're coming in with, and that's something that we have worked really hard to talk through. It's not just your salary, it's the whole compensation package."

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

School leaders are faced with very real trade-offs as they seek to develop a compensation and benefits system that meets a wide range of personnel preferences and needs. Financial, administrative and other constraints mean that schools are selecting which elements make it into their compensation system and which do not.

Insights from focus group participants suggest that schools do have levers to pull above and beyond salary in designing a compensation system that would appeal to administrators, faculty and staff candidates. Candidates themselves are also making trade-offs when considering employment offers, often weighing financial security with work-life balance and mental health. 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."—Human resources 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."—Chief financial officer 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



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

on mental health, which is so important these days, especially since the pandemic.” —Human resources 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.”—Chief financial officer 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.”—Chief financial officer at a day school in the Southeast

Given how influential local market factors are related to any “ideal” combination of compensation system elements, it’s no surprise that there was significant variation in the way leaders in different regions weighed different compensation system options. Additionally, we can’t overlook the high degree of individual preferences that influence which elements of compensation are actually most appealing to a given applicant.

The perception among school leaders was that one of the key trade-offs candidates are making is at the intersection of finances and 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. School leaders noted the value faculty and staff place on time, which can come in the form of paid time off, parental leave, flexible scheduling and other benefits. This is not to discount the importance of paying a fair, market-appropriate base salary, but to demonstrate that salary is not the only element of a compensation system and does not have to be a barrier to offering a compensation system that is appealing to faculty and staff.

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 **culture and reputation of the school**, which is related to work/life/wellness
- The **flexibility of the system** and responsiveness to individuals’ professional and personal needs as they change over time

### **Renovating Compensation Systems and Change Management**

Focus group members that made changes to their school’s compensation systems within the past several years shared many lessons learned. In addition to the insights presented here, the companion [Mission-Anchored Compensation Strategies Implementation Guide](#) provides resources, tools and ideas for those interested in pursuing refinements to their compensation systems to consider.

To begin, leaders noted that it is imperative to **employ a collaborative process** in the work of compensation system renovation. While this is true for any change management process, it is particularly important when it involves altering a system that is a primary way that employees feel seen, valued and recognized. The specific ways a school engages faculty and staff partnership in this work will vary, but the goal of giving voice to those impacted by change cannot be overlooked or overstated. A chief financial officer from a day





**Schools that seek to make changes to their compensation systems without engaging in a collaborative, flexible and well-communicated process run the risk of failing to institute sustainable change, or worse yet, possibly diminishing trust that forms the foundation of healthy relationship with administrators, faculty and staff.**

school in the Southeast shared: “What we’ve seen is that people want agency in the decision, even ultimately if you have to make some decisions they don’t agree with completely. The key is, they want to be heard.”

One specific way to engage faculty and staff in the process is to **develop committees or task forces**, as one head of school in the West shared: “We had faculty involved in the faculty comp task force. We had faculty lead focus groups, faculty lead discussions. So we really empowered faculty voices to be leading the change. We did surveys. We just tried to get as much of that faculty voice in the process as we could.”

Another lesson learned is to **communicate in strategic, inclusive, proactive ways**. A chief financial officer from a day/boarding school in the Mid Atlantic summed it up by sharing: “When we made major changes [a few years ago], we used a lot of what Quakers call ‘seasoning.’ There was a ton of seasoning before the actual thing happened. It was an incredibly inclusive, transparent process. I think for most of our schools, the process is probably slow and steady, and lots of communication along the way is the only possible way for success. Otherwise, the community will think you’re pulling something over on them.”

Compensation decisions reach deep into our psychological sense of value and our constructs of fairness. As such, it can be helpful to **incorporate**

**meaningful forms of data** into the work of refining these systems and making compensation decisions. One way of accomplishing this is to incorporate forms of salary benchmarking as an element of a compensation system. This practice can inform initial placements within a salary system, help guide decisions over time, and can be particularly beneficial to the work of ensuring pay equity within and across divisions and departments.

A final lesson shared by focus group participants about successfully renovating compensation systems is a reminder to **be flexible**, both with the process and the results. Plan to make small adjustments over time and gather feedback along the way. Incorporate check points in the process of making the change that provide time to pause and regroup or scale back, if necessary. In the long run, this process can save a school time and money, as it seeks to identify the elements of a compensation and benefits program that resonate with faculty and staff.

Schools that seek to make changes to their compensation systems without engaging in a collaborative, flexible and well-communicated process run the risk of failing to institute sustainable change, or worse yet, possibly diminishing trust that forms the foundation of healthy relationship with administrators, faculty and staff.



# KEY CONSIDERATIONS FOR THE FUTURE

**W**hile our companion Mission-Anchored Compensation Strategies [Implementation Guide](#) provides a set of tools and resources to assist school teams in the work of strategically thinking about their compensation system, here we share a few considerations and frame a few ways of considering potential next steps. Each school's compensation system has both structural and cultural dimensions that require communities to consider both technical and adaptive approaches to any changes they might make to their current system.

A distillation of insights and perspective from school leaders' reflections upon the structure, intentions and impacts of their compensation systems points to several predominant influences on the way the systems are structured and what is driving leaders to consider change. A combination of persistent and emergent dilemmas are challenging leaders to help their communities reconcile a few intersecting forces and priorities. These tensions, which represent both threats and opportunities to intentional and sustainable progress at the intersection of our schools' education and business model, are described below.

## Tradition and Change

During all phases of our research, we heard thoughtful school leaders reflect on their school's journey to honor the weight of tradition while attending to the pressing need to evolve.

Amidst a broader context of social, political and financial uncertainty, the continuity provided by doing things "the way we always have," alongside the long-standing egalitarian ethos within the field of education, offers an alluring sense of stability. For the past

century, the step and lane salary structure has traditionally been the primary mechanism for determining base salaries for educators. Rewarding annual pay increases based on years of experience and educational attainment, the step and lane structure (i.e., the single salary schedule) is transparent and provides educators with an understanding of the minimum salary, maximum salary and annual salary increase they can expect during their tenure.

Even in the 2021–2022 school year, the majority (56%) of schools in our survey determined base salaries for faculty and instructional staff using a step and lane structure. However, this structure does not provide flexibility for recognizing desirable characteristics or contributions. As a result, it may not be the best mechanism for recruiting, hiring and retaining faculty and staff. Performance-based and banded salary structures provide more flexibility in differentiating pay across teachers and are therefore better suited for rewarding desirable educator characteristics. In this way, independent schools may find transitioning from a traditional step and lane salary structure to a performance-based or banded salary structure is a potential strategy for responding to market realities and successfully recruiting and retaining educators.

Navigating the nexus of tradition and change is difficult, no matter the issue at play. Yet, the school leaders in our study acknowledged the uniquely challenging dimension of changing systems that communicate how much we value others. And so, while compensation and benefits systems are necessarily accountable to the hard realities of finite budgets, the path to altering these systems requires a vision beyond the bottom line.

**Navigating the nexus of tradition and change is difficult, no matter the issue at play. Yet, the school leaders in our study acknowledged the uniquely challenging dimension of changing systems that communicate how much we value others.**



**Schools in the survey indicated that the most important factor influencing how they set total compensation was the school’s operating budget, followed by benchmarking salaries at other independent schools. Creating the desired culture, which includes developing a mission-aligned workforce, was only the third most cited factor.**

And fortunately, as our study found, these newer models of compensation can be implemented within the same overall budget parameters of the more traditional models — they do not necessarily require more funds, but provide alternatives to allocating the same amount of funds.

**Mission-Anchored and Workforce Responsive**

One prominent example of the tension between tradition and change in independent schools is the challenge of anchoring everything we do in our mission and core values, while recognizing we must be responsive to changing workforce dynamics.

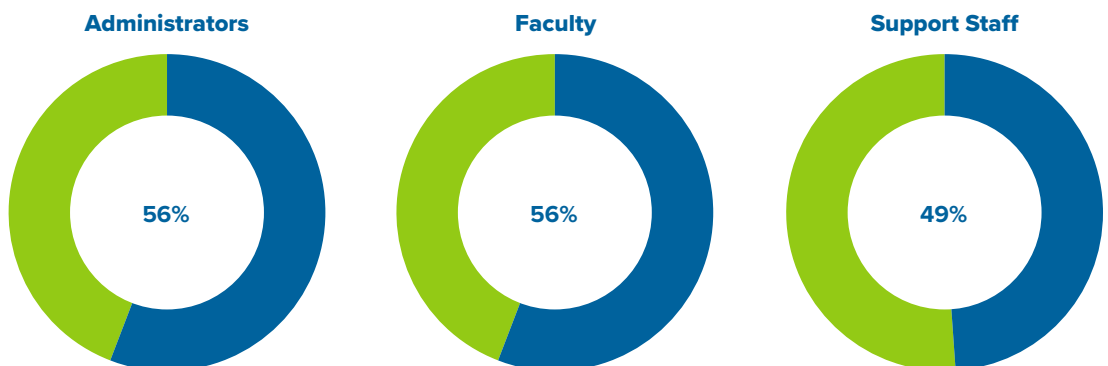
Regardless of the type of compensation system used, attracting a mission-aligned workforce was important to all schools in the study. More than half of schools cited recruiting and retaining administrators and faculty aligned with the mission and core values of the school as a top-three goal of their salary structure (See Figure 6 below). Similarly, nearly 50% of schools listed recruiting and retaining mission-aligned support staff as a top goal. In this respect, a school’s desire to develop and maintain a mission aligned workforce was of comparable importance to recruiting and retaining high-quality educators, which were the other two most common goals cited by schools.

While schools want to develop a mission-aligned workforce, they are constrained by their operating budget and other market realities. Schools in the survey indicated that the most important factor influencing how they set total compensation was the school’s operating budget, followed by benchmarking salaries at other independent schools. Creating the desired culture, which includes developing a mission-aligned workforce, was only the third most cited factor influencing total compensation.

Across the set of schools that changed their compensation systems and benefits packages during the past five years, a distinctive trend emerged—the acknowledgment that clarity around and commitment to mission and core values can be a driver of an innovative compensation system, and not an impediment to growth. One might think that such clarity may lead to rigidity, but in fact holding true to core principles can pull a school towards responsiveness in ways that don’t diminish their mission aligned goals.

This is particularly important considering a trend voiced by many—namely, the broadening competition for the workforce in education. In the past, a job in education was relatively very flexible, with holidays and summer break offerings not found in other fields. And when seeking to hire educators, one school might have

**FIGURE 6:** Recruiting and Retaining Mission-Aligned Employees as a Top Goal





**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.**

only been in competition with another school as a potential employer. Yet now, catalyzed by the pandemic, many other fields routinely offer remote and flexible work arrangements far beyond what is expected of educators, and schools are now competing for a workforce with an exponentially expanding pool of other options. As the competition for independent school faculty, staff and administrators continues to broaden, schools will find themselves increasingly at the crossroads, wrestling with where to compromise. Will schools be willing to compromise on the mission-alignment dimension of a given candidate or rather will they respond to changing workforce demands and adjust requirements around workplace flexibility?

As a human resources director at a day school in the Mid Atlantic observed: “It’s really been difficult since the pandemic to find qualified people who would like to come and work at a mission-driven school. I’m in the process of recruiting now for some of our staff positions. We can’t be as flexible as some office jobs, but some of our staff can work remotely. It wasn’t until the pandemic that that was even an option. We just have to move with the times.”

### **Balancing Flexibility with Manageability**

In response to increasing pressures imposed by evolving workforce demands, school leaders are wrestling with the challenge of incorporating enough flexibility into their compensation systems to be appealing to professionals at very different life stages, while maintaining enough coherence and similarity in their systems to be manageable to maintain. Just as schools value the distinctiveness of their educational mission, so too they are seeking ways to value the individual contributions, and preferences, of their dedicated faculty, staff and leadership teams. The farther schools seek to go aligning compensation and benefits with the individual preferences of employees, the more complex the

task of devising a compensation system that’s both flexible and manageable becomes.

While step and lane salary structures are rigid, that rigidity provides schools with budget stability. Since educators are paid under the schedule based on years of experience and educational attainment, the factors influencing salaries are predictable. Thus, schools using a step and lane structure generally know what percentage of their operating budget will be allocated to salaries in any given year. Performance-based and banded salary structures, however, do not offer the same level of certainty because the factors influencing compensation can vary significantly across years. The schools in our study clearly understand the tension between the certainty provided by a step and lane structure and the flexibility offered by other compensation structures. For example, one day school chief financial officer in the West commented that they were unsure “how to balance transparency with flexibility in a system that has salary ranges for each step.” The comment reflects the tradeoff between paying teachers based on easily observed characteristics versus the flexibility to differentiate pay based on performance offered by a performance-based or banded salary structure, which may meet some faculty resistance.

School leaders within our study who recently changed their compensation and benefits systems noted a desire to recognize and reward the diverse talents, experiences and contributions of faculty and staff. This desire applied both to tailoring systems that would establish a “selection effect” to attract faculty and staff to the school, as well as encourage them to stay. And yet, if compensation systems get too complex, they run the risk of becoming unwieldy, being seen as operationally inefficient, or can lead to perceptions of inequity.

Across our study, school leaders grappled with the tension of creating systems tailored enough to recognize the individual wants or



**Compensation systems, and any changes to them, can be vehicles for building trust within a school community. Well-understood systems reduce ambiguity, and with clarity and open dialogue, employees are encouraged to engage in constructive conversations about their compensation, career growth and ongoing professional development.**

**School leaders must assess not only issues of market adequacy or the competitiveness of compensation through an array of economic analyses and benchmarks, but also the perceptions of fairness of compensation; the latter is as crucial as ironing out the mechanics of any compensation system.**

contributions of employees, while remaining streamlined enough to be sustainable and transparent. Striking the right balance between flexibility and manageability requires intentional dialogue with faculty, staff and administrators in the context of regular systemic review, in a way that fosters trust. Approaching this challenge thoughtfully and transparently can help schools iterate on a compensation system that reflects the school's mission and values while displaying the nimbleness helpful to foster a vibrant culture and the commitment of a multi-generational faculty, staff and leadership team.

#### **Promoting Equity and Transparency**

Another prevalent conundrum that surfaced is the sometimes-competing priorities of ensuring equity and transparency within compensation systems. Human resources directors, chief financial officers and school leaders spoke to the importance of compensating employees in an equitable way that acknowledges a diversity of contributions—and not just for operational reasons, but as a reflection of core values.

Pay equity means compensating educators equally when they perform the same or similar job duties and have similar levels of experience and job performance. Step and lane systems are generally regarded as transparent and equitable because base salary is tied directly to one's years of experience and educational attainment. However, it does not account for differences in job performance and therefore may reward educators with equal pay even though there is variation in job performance across the workforce. Performance-based and banded salary systems have the potential to differentiate salary based on performance and thus may prove to be a better mechanism for ensuring pay equity. However, so much depends on the metrics used to assess performance as well as the specific ways leaders measure and evaluate employee contribution to mission-aligned goals.

Compensation systems can play a role in helping diversify the workforce, but schools in the study understandably struggled with how to accomplish this goal. For example, one chief financial officer from an international school noted, "Right now the salary schedule is very rigid, which creates equality in pay, but does not allow for diverse hires and this has been difficult to achieve and is an integral part of our mission." This commitment to recognizing the unique value employees bring is seen as instrumental in helping schools attract diverse faculty and staff, and fostering a healthy organizational culture that supports loyalty, motivation and community.

Voiced consistently in focus group conversations was an acknowledgment that compensation systems, and any changes to them, can be vehicles for building trust within a school community. Well-understood systems reduce ambiguity, and with clarity and open dialogue, employees are encouraged to engage in constructive conversations about their compensation, career growth and ongoing professional development. And yet, challenges in maintaining both equity and transparency arise when contending with variables like experience, expertise and market demands. Each school experiences this tension in unique ways, as truly equitable systems can become complex as they consider factors like history, mission, roles, responsibilities, performance, contributions and even location.

Layered into this dilemma is the reality that while transparency may be desired and essential at some levels, there's also a need to respect individual privacy and maintain forms of confidentiality. Inevitably, when individuals compare themselves and others within the context of compensation systems, it surfaces questions around perception and reality. Even in the most transparent and equitable systems, perceptions of unfairness may arise in a school, as they may in any workplace.

School leaders must assess not only issues of market adequacy or the competitiveness of



**While competing for faculty and staff with other schools has always been the norm, and competing for teachers and staff in certain fields has been prevalent for some time (such as STEM teachers), the broadening scope of this competition was noted universally by participants in our study.**

compensation through an array of economic analyses and benchmarks, but also the perceptions of fairness of compensation; the latter is as crucial as ironing out the mechanics of any compensation system. This harkens back to the leadership challenge of contending with both the technical and adaptive (or cultural) elements of systems and change. School leaders throughout the study spoke to the importance of efforts to engage in regular communication about both the mechanics of the compensation and benefits systems, and the mission-aligned values and principles underpinning the systems. They did this by seeking input and feedback, and working to demystify the systems for employees. Further insights into how different schools are seeking to do this work are illuminated in the [implementation guide](#) and case studies, which are available on the Mission-Anchored Compensation Strategies web page, [nboa.org/compensation](http://nboa.org/compensation).

**Market Matters**

One benefit of a large-scale landscape analysis is the breadth of perspectives and voices that are included. In our case, we were fortunate to have school leaders in our survey and focus group conversations that represent schools in every geographic area in the United States. As touched on above, the market that a school exists within has a substantial impact on its capacity to attract and retain employees. We all know that context matters, and in the case of compensation systems and benefits packages, this is uniquely experienced. The market realities that impact a school’s ability to attract and retain the highest

quality faculty, staff and leaders range from school-specific to local, regional and global factors. These market forces manifest themselves in compensation systems through the different forms and approaches to benchmarking salaries employed by schools.

Schools reported that several market factors influence their ability to recruit and retain educators (See Table 6 below). Almost all schools (96%) indicated they competed against other independent schools for educators and therefore benchmarked their pay against these schools to ensure they were providing sufficient compensation to recruit and retain educators. More than 85% of schools also reported benchmarking compensation to local public schools to better recruit educators, and almost 80% took into consideration salaries of other occupations in the labor market.

While competing for faculty and staff with other schools has always been the norm, and competing for teachers and staff in certain fields has been prevalent for some time (such as STEM teachers), the broadening scope of this competition was noted universally by participants in our study. What is not universal are the distinct ways schools are impacted by these forces on account of their unique market position and geographic location. And so, while this study illuminates an array of ideas related to innovating within compensation and benefits program, it became increasingly clear throughout our research that the “ideal” system of attracting, recognizing and retaining faculty is truly context, market and mission specific.

**TABLE 6. Market Factors Influencing School Compensation Decisions**

Market Factors	Percent of Schools
Salaries at public schools	85
Salaries at other independent schools	96
Salaries of other occupations	78



**Coupling financial compensation with other forms of recognition is a powerful combination to foster employee motivation and engagement.**

**The determinants of educator recruitment and retention overlap, but they are not the same.**

### **Balancing Financial Compensation with Other Forms of Recognition**

Although our study focused squarely on understanding the different approaches taken by independent schools to compensating faculty, staff and leadership team members, time and again we were reminded by participants about the role of other powerful forms of employee recognition beyond money. At some point, every school will reach its limit on being able to compete for a desired employee solely based on salary. We heard many examples of schools becoming increasingly intentional about the ways they are attentive to alternative forms of employee engagement, motivation and acknowledgement. Schools across our focus groups described diverse mission-aligned and context-anchored ways they were building bridges between individuals and a broader sense of purpose, with opportunities to exhibit autonomy and agency, while pursuing mastery in work that has deep meaning.

Coupling financial compensation with other forms of recognition is a powerful combination to foster employee motivation and engagement. While compensation is undoubtedly crucial, a 2015 study published in the Harvard Business Review suggests that monetary compensation alone often proves insufficient in retaining top talent. Indeed, research suggests that non-monetary rewards are paramount for retaining and motivating employees. Educators, especially those early in their tenure, increasingly value non-financial benefits such as career advancement opportunities, flexible work arrangements and public acknowledgment of their contributions. Therefore, schools that strategically combine monetary rewards with personalized recognition programs tend to have a more engaged workforce.

A 2016 report by Gallup reinforces the significance of non-financial recognition. Research found that employees who receive regular praise and recognition are more

likely to stay with their organizations and be engaged in their work. Recognition programs can take various forms, such as peer-to-peer recognition or awards and recognition from school leadership. When balanced effectively with financial compensation, these recognition initiatives contribute to a positive work culture and foster a sense of belonging and loyalty among employees. While attractive salaries remain a cornerstone of employee satisfaction, complementing them with thoughtful recognition strategies can enhance educator engagement, retention and joy.

In the vibrant mosaic of our independent schools, every tile—each faculty, staff, and leadership team member—holds unique value. As the leaders in our study shared, the challenge and the opportunity is to find ways of combining compensation with meaningful forms of recognition to mirror this richness and diversity.

### **Should I Stay or Should I Go?**

Another valuable learning that emerged during our study is the way schools are thinking about the differences in what draws employees to a school, keeps them at a school or might motivate them to leave a school. On the surface, we might think these are one and the same—the motivation to join, stay or go—but in fact, there are nuances in ways faculty and staff think about these various decisions.

While the determinants of educator recruitment and retention overlap, they are not the same. Research from 2020 suggests that targeted bonuses or stipends, such as recruitment or placement bonuses, can encourage educators to enter the profession, providing the size of the cash award is sufficient for outweighing educators barriers to entry. However, evidence also suggests that these cash awards provide only short-term benefits and are not sufficient for retaining educators once they enter the profession. Non-financial factors have a larger impact on in-service teacher retention (and, conversely, exit intentions) than fiscal



**Schools competing for educator talent must effectively communicate this value to demonstrate that their total compensation is commensurate with other job opportunities available to administrators, faculty and support staff.**

interventions. Studies have demonstrated, at least observationally, that workload, teacher stress, working conditions and level of support from administrators and peers are more important determinants of retention than monetary factors.

Schools seem to understand that nonfinancial factors affect their teacher workforce. For example, more than 10% of schools indicated that a goal of their compensations structure for faculty and instructional staff was to improve school climate and create positive working conditions. Perhaps reflecting their importance for creating positive working environments, more than 16% of schools indicated that a goal of their compensation structure for administrators and support staff was to improve school climate and working conditions.

A few general patterns emerge from the research regarding the forces attracting, keeping and repelling employees.

- **Recruitment:** Attraction to independent schools often stems from the allure of a unique educational mission or philosophy, smaller class sizes and a more personalized approach to teaching, often allowing educators a greater degree of pedagogical freedom and closer connections with students.
- **Retention:** Retention of faculty and staff is often linked to the school community's inclusiveness, opportunities for professional growth, amenable levels of compensation, supportive leadership and parental community, and a sense of fulfillment derived from making a tangible impact on student lives.
- **Attrition:** Factors influencing educators who leave a school range from limited opportunities for advancement, disagreements with or feeling undervalued by administrative decisions, limited flexibility in working arrangements, inadequate pay, and increasing demands leading to less than optimal work/life balance.

These intersecting dynamics underscore the intentionality, nimbleness and even creativity that

is increasingly required to maintain a thriving, mission-aligned faculty and staff—a goal that is becoming harder and harder to achieve in light of societal shifts, though no less important.

### **Communicating the Value of Total Compensation**

Effectively communicating the value of total compensation is paramount for successfully recruiting and retaining educators. Among schools in the survey, the percentage of total compensation devoted to base salaries ranged from 79% to 82%, meaning that benefits, bonuses and stipends accounted for nearly 20% of educators' total compensation. Traditional salary structures only communicate base pay and thus may obscure the value added to total compensation by benefits and stipends. Schools competing for educator talent must effectively communicate this value to demonstrate that their total compensation is commensurate with other job opportunities available to administrators, faculty and support staff.

This is particularly important when base salaries are deflated relative to public schools or other jobs because of the value of benefits. For example, a smaller percentage (70%) of total compensation at boarding-only and boarding-day schools went to base salaries relative to day-only and day-boarding schools (79%). All the discrepancy between the percentage of total compensation devoted to base salaries is offset by a corresponding difference in the percent of total compensation devoted to benefits. Because boarding-only and boarding-day schools are more likely to provide more expensive benefits, such as housing and food assistance, they devote a higher percentage (28%) of total compensation to benefits than primarily day schools (18%). An opportunity exists for boarding-only and boarding-day schools to highlight the value of their benefits; else they may risk losing educators to primarily-day schools because of the observable differences in base salary.





A more comprehensive perspective not only encapsulates tangible benefits, like health insurance, retirement contributions, meal and housing support, and/or tuition remission, but also offerings such as professional development opportunities, or the intrinsic value of teaching in a smaller, close-knit community. Emphasizing the complete compensation package allows candidates to recognize the full extent of the institution's commitment to their well-being, professional growth and overall job satisfaction. Such transparency fosters more informed decision-making, helps clarify opportunities and expectations, and can enhance the allure of the school as a holistic place of employment. In light of the mounting competitive pressures schools are facing to attract a workforce with expanding opportunities, study participants made it very clear that effectively communicating the value of total compensation is paramount both when engaging prospective independent school employees, and seeking to retain a mission-aligned faculty, staff and leadership team.

### **In Conclusion**

This extensive research by NBOA offers a wealth of insights to inform compensation strategies at independent schools seeking to attract, develop and retain top talent aligned to their mission. The findings highlight enduring challenges and constraints while showcasing innovative adaptations schools are making in response to escalating competition and shifting workforce dynamics.

With competition intensifying, independent schools must re-evaluate and clearly communicate their total value proposition as employers, encompassing compensation, benefits, flexibility, culture and opportunities for growth and impact. Schools able to compellingly

convey their mission and cultivate a community of belonging and recognition will strengthen recruitment and retention. Maintaining internal equity, transparency, consistent communication and stakeholder engagement is essential when balancing external pressures — and when considering any alterations to compensation systems. Change requires inclusive, gradual processes rather than top-down overhauls if they are to have any lasting and positive impact.

This project affirmed that schools must — and do — look beyond compensation alone to enrich culture and retain faculty, staff and administrators. Noted across our survey, focus group and interview participants, regular review enables ongoing refinements and responsiveness to the evolving needs of professionals at different career and generational stages. And there is no silver bullet or one-size-fits-all approach that is going to work in every market or school community. Nimble systems tuned to local realities help schools deploy compensation strategically in service of mission and specific strategic priorities.

This research provides directional guidance and the benefit of a wide aperture of insight from our independent school landscape, but mission and context should anchor specific strategies. By combining analysis with empathy, schools can design holistic compensation systems where leadership teams, faculty and staff feel seen, valued and inspired by the meaningful educational impact they create each day. Compensation systems attuned to these realities strengthen the heartbeat of excellence each school seeks to attain, and encourage those carrying the torch of our school's mission. They have the capacity to encourage the relationships and community vital for students to learn and thrive in schools where educators feel trusted, supported and committed to developing our next generation of leaders.

Find all resources related to NBOA's Mission-Anchored Compensation Strategies research at [nboa.org/compensation](https://nboa.org/compensation).

