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FACULTY SALARY SYSTEM DESIGNS: BECOMING MORE INNOVATIVE

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I. An Interesting Model

Picture a well-known boarding school which has four compensation “strands”:

1. There is a typical, age based salary scale, up to age 55, designed to reward those who entered teaching later in life and who may bring to the table valuable experience from another profession. This School believes that sometimes those who come from legal, accounting, corporate finance, reporting or writing careers have important insights that lifelong teachers do not. When this Consultant was on site, it was intriguing to note that such individuals were in fact some of the most valued teachers on campus. One was a 45 year old former Accountant with a major accounting Firm. He also had a child in the School. He was highly effective in the classroom and beloved by his students. Why bring those individuals in at the bottom of a salary scale that is exclusively based on teaching experience?
2. This School also has an experienced based salary scale that kicks in along with the age based scale, but it is capped at 8 years of experience. Most of the research shows that teachers do not necessarily become more effective each year just because they have spent another year in the classroom. They have to change, learn and grow for that to happen.
3. This School has an extracurricular based salary system that assumes every teacher is doing at least one full season per year of the equivalent of coaching a Junior varsity sport. Above that full load, there is a stipend given for each additional coaching assignment of comparable or more time.
4. Finally, this School has a “merit” based salary system. About 30% of the faculty receives a \$10,000 annual bonus, not added to base, and determined by the Head of the School with input from the Deans and Department Heads.

The Head asked this Consultant to assess the effectiveness of the “merit pay” system. In interviews with the faculty, everyone who received the \$10,000 bonus at the end of June was grateful.



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However, no one really knew why he or she received it. Those who did not receive it did not know why they did not qualify. Those who wanted to earn it did not know what to do to earn it. In other words, the system was generous but there was no substantive evaluation process that formed the basis for the merit pay.

At the time, the Heads of Departments did not really evaluate their faculty formally on a regular, annual or even periodic basis. When they did, they committed the classic “no no’s” of teacher evaluation: they announced their arrival in advance, participated in the class and did not allot enough time to the process. In fairness, the Department Heads had the title, stipend and reduced workload that usually accompany evaluation responsibilities, but no one had ever trained them in the mechanics and methodology of effective appraisal.

This Consultant observed that the School had many interesting and creative elements of compensation design. All were well intended. Some worked very well. Some did not. The School lacked any mission based philosophy of compensation and the salary system and its various components were not viewed in any way as related to the School’s mission. Only the age based salary scale reflected one of the traits that the School (or at least the Head of School) valued in its teachers: a desire to be a lifelong learner.

II. A Second Interesting Model

This School has a salary system which on paper at first glance is a bit difficult to read. But with a careful second look, the underlying philosophy of compensation becomes clearer. A prior Head designed this system and over time, some of its original intent has been lost. But it is intriguing and for the most part, still works.

There is a graph with salaries on the left side from a starting salary of \$40,000 to an ending salary of \$110,000. Along the bottom of the graph are years of experience out to 30 plus years. Then there are two lines sketched across the graph. They start together at the bottom left with almost no gap between them and then to the right, the gap grows as the top line continues up and the bottom line flattens out around 15 years of experience. This is a classic design based upon research about effective teaching, i.e., teachers do not become automatically more skilled at their craft just by spending year after year in the classroom.

The “gap” represents a qualitative approach. Young teachers move up very quickly to ensure they earn a living wage soon and indeed within five years, the bottom line shows a minimum salary of \$55,000. But the top line and the bottom line show a “gap” of only a few thousand dollars at years three to five, whereas at twenty years of teaching experience the gap between the two lines is over \$25,000. The “gap” represents a qualitative assessment in five categories that occurs every two



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years:

1. Quality of teaching in the classroom as assessed every two years by a team of three individuals;
2. Quality of commitment to advisory roles/pastoral care for students;
3. Commitment to mentoring and supporting one's fellow teachers;
4. Commitment to innovation in instruction and research into teaching methods; and
5. Commitment to the extracurricular life of the school

These five points determine placement among one's peer teaching professionals at the School. This Consultant's findings demonstrated that there was indeed a gap of at least \$15,000 at some points for teachers of the same experience. That prompted a review of the files to ascertain if the written evaluations reflected clear differences between the teacher earning \$15,000 more than his/her peer and the lower paid peer. The evidence was there, in writing, over a period of years. Imagine how unusual that is!

How did the teachers feel about the system? They felt for the most part it worked because a committee of the Head, Division Head, the Athletic Director, the Guidance Counselor, and the CFO determined their placement "between the lines". Department Heads were willing to give input about teacher performance in and outside of the classroom but not to be a part of this particular deliberative process. Despite this, most of the faculty felt the system was fair.

III. A New School Starting from Scratch

A third school is about five years old, and negotiated the salary of every new teacher hired. The anomalies of individually negotiated salaries have begun to occur already. However, the Head has decided to engage in a dialogue (with the help of this Consultant) to create a philosophy of compensation based on this new boarding school's mission. That philosophy of compensation will be the foundation for the development of a salary system that will attract, retain, reward, nurture and develop teachers who are attracted to the mission, believe in it and clearly are living it. This is an admirable goal and rare in this Consultant's experience. The School is new and thus has the advantage of starting with a blank slate: no formal, documented, bad habits and no grid, salary scale or system to which individuals are wedded.

Of course, teachers coming into the School bring their own biases based on the salary systems that they experienced at other schools. These are usually individually negotiated salaries or a lock step, experienced based salary scale with extracurricular pay, PR's or stipends for assignments outside the core teaching role. This new School wants a broader definition of a full time job in order to attract teachers who wish to develop a vibrant residential life.



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This is an exciting venture, but it does test the inbuilt biases of all of us who have witnessed a sad array of depressingly familiar and similar salary systems/scales/grids from around the world.

IV. The Message

It is wise periodically for a head to engage with a cross section of the faculty, administration and board in a discussion of salary system design. Since staff salaries and benefits represent 85% of most day school budgets (and about 50% for boarding schools), it is amazing that most boards have no idea of what the salary system is; how it works; what results it achieves; how the staff view it; or how to revise the model to make it more mission AND cost effective.

Littleford & Associates has helped over 1500 schools worldwide in the past 25 years review their salary, evaluation and appraisal systems and their benefit plans to help them effect appropriate changes and to understand how their existing systems either reward, or are a disincentive to teachers. It is time all schools engaged in an intellectual dialogue about this important aspect of school life and, of course, the budget.