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RECENT TRENDS IN FACULTY COMPENSATION - AND SOME CAUTIONARY NOTES

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Does your school have a "mission based compensation" delivery system? Are the board and school leadership even familiar with the term?

The concept of "mission based compensation" has been a consistent and thought-provoking theme of many of Littleford & Associates' Newsletter articles and a popular presentation topic for this Consultant worldwide. Mission based compensation refers to salary and benefits structures and delivery systems that provide the framework to attract, retain and reward teachers who embody the school's mission and support it through their daily work. Of course, hiring for positive "can do" attitudes is as important as hiring for experience and skill sets, and a salary system should be designed or modified to help find and keep the teachers that represent all of these traits. Recruitment of new teachers should be grounded in the assurance that they understand the reward systems built into the salary and benefit structures.

It is important periodically for a school to review its current salary and benefits system in order to determine whether it is working as planned and as needed to serve its mission. Bringing together a small group of key stakeholders (teachers, management team and board members) for a dialogue on this subject and an analysis of current trends is more than useful. It is very important. Why?

First, our schools can learn and improve from patterns emerging from the decisions and policies of other fine independent and international schools worldwide. This article will explore the most recent global patterns in teacher compensation including the International Baccalaureate's growing impact on school structure, teacher salaries, extra pay (or positions of responsibility) and professional development money.

Second, despite our best intentions school salary and benefit systems tend to develop over time, mostly by accident, from a patchwork of "deals" negotiated by management and faculty in an effort to recruit and retain teachers and/or to work around rigid salary scales that inhibit the flexibility of teachers' earning capability and a school's hiring power. Eventually, these salary and benefit systems and patterns may have little or nothing to do with the school's mission and can become very bureaucratic and complex to manage.



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I. The Definition of a Full Time Job

The key to understanding any independent or international faculty compensation structure is to know what does, and what SHOULD constitute, a full time job. It is very important to teachers that this definition is clear and applied equitably across and within all divisions. Teachers tend to observe or perceive unfairness even when administrators do not.

As curriculum has evolved so has the traditional classroom schedule. It is rarely as simple now as five 45 minute periods per day, five days per week. Teacher time in the classroom these days is not measured by "periods" because they can range from 40 minutes to 90 minutes. It cannot be defined as courses taught because some may meet only twice a week. Counting the actual number of minutes a teacher is in the classroom (not in transition duties or recess duties) over a two week period is the best way to determine actual workloads. This is relevant as well to the loads of elementary school teachers.

This consultant is finding that many schools are signaling to teachers that anything outside of the class course load, such as advisory, supervisory roles, recess or study hall duties, is an "extra" and many schools are paying for those roles. This is more of a state school and international school mentality and model than an independent school one. Nonetheless, slippage in the definition of a full time job almost everywhere has prompted teachers to try to maneuver around the salary system or scale by asking for and receiving more "one off" payments for a number of tasks previously considered part of the core of teaching responsibilities.

The lack of promotion opportunities in schools for those teachers who do not wish to become an administrator or who are not suited to that role AND the lack of options elsewhere (due to a tighter recruitment market) have prompted teachers who feel "stuck" to ask for more titles, more stipends, more "positions of responsibility", and more extracurricular pay. Heads have bowed to these pressures. It is difficult to stand against them when teachers keep pointing to other schools engaging in the same behaviors.

A story may prove illustrative. On a recent school visit, this Consultant found a common pattern. When interviewing a cross section of teachers, he heard that they were defining themselves mostly by their titles and not by their classroom teaching responsibilities. Residential life, coaching and curriculum roles and IB-related positions all had more pay attached to them, but NOT exceptional teaching. This School did not acknowledge quality of teaching through direct remuneration in any noticeable way.

The message sent to the teachers is that the way to get ahead financially and professionally is to devote fewer hours to teaching and more to administrative or quasi-administrative roles. Stipend



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and extra pay oriented salary models are pushing us further and further towards that thinking. Most schools now operate on this model.

In this Consultant's view, the best teachers should be paid as much as any head of department or even principals/division heads. Becoming an outstanding teacher/advisor/coach should be the definition of a full time job. This should be a well paid and highly respected position that provides ongoing incentives to improve.

Some schools have created these opportunities through a career ladder, range, band or bonus model. Others have done it through a school wide bonus paid to all staff on a pro rata basis depending on the health of the school's enrollment, fund raising and parental satisfaction with the quality of teaching. This allows teachers to feel a much more direct connection between their security, their pay and the quality of their work to the overall health of the school financially. And teachers SHOULD have a vested interest and awareness of the health and stability of their school.

II. The Impact of Salary Systems and Perceptions

Some of the scales in use across the world have as few as 10 steps and some have as many as 50. On the 10 step scale (in most of Canada, for example), the good news is that you get to the top fast. But the bad news is that you get to the top fast. Then what? With a 50 step system (of which there are a number), the good news is absolute predictability of future earning power. And the bad news is the inherent rigidity which compels teachers to find "creative" ways to earn more money, before they make it to the full fifty years.

For example, the ten step system is intended to make teaching a viable profession quickly but in Canada, at \$85,000 (the 10th step in many parts of Canada), Revenue Canada begins to tax away 51% of income. That is the reward for reaching the top! Nearly everyone interviewed in this Consultant's experience despises a 50 step system: the young feel it takes too long to move; the mid career teachers feel stuck; and the senior ones (who see almost no increase from year to year) feel totally undervalued. In addition, all salary systems need to avoid "compression." Avoiding "compression" means that the top salary must be at least 2 times and preferably 2.5 times the amount of the starting pay.

In one Latin American country, most schools pay in pesos per hour. Not one teacher in a School there could tell me their monthly salary or annual salary, only how many pesos per hour they earned. That has created in the School an attitude like that of manufacturing employees on the shop floor. Everyone wants to know the number of hours attached to chaperoning a dance, monitoring a test, and even lesson planning at home. All expect to be paid for these activities. The salary system has defined the School culture. Few have the incentive to "go the extra mile."



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In much of Europe where taxes are high, teachers have no idea of their gross annual or monthly salary. They know only their monthly "net". Yet the schools pay heavily in taxes into the state pension and medical plans on behalf of their teachers. The teachers mentally compare only their "net" salary to those of other schools. Thus many view schools in China as alluring as many international schools there pay the local taxes for the teachers, thereby allowing teachers the opportunity to save a great deal. But the teachers in Europe are not thinking of the benefits of the state pension and medical systems, e.g., benefits they would not earn in China. The grass is always greener elsewhere. And the air is generally cleaner in Western Europe.

In Switzerland, where taxes differ according to Canton but are often as low as 10 to 15% (depending on deductions and whether there is a spouse earning money), teachers complain about the high cost of living. Where possible some may choose to live in bordering countries in order to pay lower cost for housing and food.

In a few schools in Europe where some schools have special legal/diplomatic arrangements with the US or the UK, schools may NOT be required to pay local taxes on salaries of the overseas hires and the teachers pay NO tax as well. Thus the gross salary is the same as the net. Yet even here, teachers may complain about the perception of low salaries, pointing to schools in Holland, France, Belgium etc, where the gross annual salary numbers appear so much higher.

What is at the root of the apparent dissatisfaction here? When trying to recruit or retain teachers most schools do not educate their teachers sufficiently about the value of their package in real terms. Teachers think only in these "net" terms in comparison to what they hear their peers are earning or in terms of one economic reality such as the cost of housing or food. Schools need to demonstrate the value of the local or national government benefit systems; the overall quality of life and cultural opportunities; the commitment to professional development funds; lower class size; the quality of leadership; the quality of the students; the tone of faculty culture; the quality of the physical plant and environs; AND the value of the mission.

Schools need to remember that all salary and benefit systems have embedded in them subtle messages that signal to teachers what the school values. However, most administrators have only a foggy view of what those messages really are. That is just another reason to have a truly open dialogue with a carefully selected cross section of teachers, but with key administrators and board members as well. This dialogue about the philosophy of compensation and the impact of the salary system is a crucial part of strategic planning and is often overlooked.

III. The Impact of the IB

When not monitored properly from a staffing perspective, the International Baccalaureate Program



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has a tendency to consume the financial and human resources of a school, particularly those that adopt all or parts of it too quickly. We are just now noticing the long term fiscal and philosophical impact of the IB as it has spread not only through Europe and Asia but in the US, Canada, Australia and New Zealand as well. The effect is not just on cost but on school philosophy, administrative structures and attitudes toward teaching, promotion and growth.

Despite the proven merits of the IB curriculum, including the transferability of its programs so that students may move more easily from school to school in the international context, the IB is having a profound and often unanticipated affect in four areas:

1. The definition of a full time job and the philosophy and culture of the teaching staff:
2. The amount of money paid for professional development both on site and in sending teachers to workshops:
3. The rapid expansion of titles, positions of responsibility and quasi administrative roles that the Program seems to require: and
4. Teacher turnover and high costs (especially for the smaller schools) as teachers receive expensive IB training in one school only to move on to another for higher pay

Our Firm has worked with more than 500 schools that offer the IB. With several recent IB school clients, we have found that 40 to 80% of the teaching staff hold "positions of responsibility" or receive stipends related to the IB positions or combined with the US based department head role. In addition to monies associated with the IB positions of Primary Year Coordinator, Middle Year Coordinator, and Diploma Coordinator there may be stipends given for every diploma course taught. According to our research, stipends for these types of positions range from USD \$2,000 to \$25,000, Other schools have the traditional British system of Heads of "Year", PLUS the US and international "curriculum coordinators" etc., thereby combining to produce in effect, the greatest number of promotional opportunities of the IB, US and British systems, combined, and the greatest bureaucracy as well.

Almost all of these titled positions ALSO include some reduction of teaching load ranging from one to 10-12 periods per week out of a 25 period per week schedule. Our research also shows that the cost of reduction of course load is often 5 to 10 times the size of the actual stipend paid, a fact often overlooked by administrators. The stipend cost combined with the real cost of workload reduction devours a substantial portion of a school's total budget.

IV. Teacher Evaluation Accreditation and Measurement

Related to all of the above is the effectiveness of teacher evaluation/appraisal and how that impacts accountability. Most teacher evaluation systems still do not include student feedback, test scores or



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parental input. Teachers often see these measures as threatening but they are coming. Boards, both private and public, demand to know how effectively teaching quality is being assessed.

More and more accrediting agencies are also setting standards that demand more measurement of student outcomes and a direct link between curriculum and teacher training to those outcomes. This will be increasingly connected more formally in the future to compensation. The judgments administrators make about who will receive reduced course loads, titles, stipends and positions of responsibility already affect compensation. These decisions imply judgment of quality or the desire to retain particular teachers.

While teacher evaluation processes can still entail portfolios, observations (which should be more unannounced than announced), goal setting and peer review, it is clear that boards and parents want a voice through testing and feedback from the constituents. They will also, through boards, be examining the connection of effective learner outcomes to great teachers and the ability of schools to find, keep and reward those great teachers.

Thus, we recommend again an analysis of compensation and salary structures and to recognize the need for schools to have an underlying philosophy of compensation along with a clarity of outcomes for salary system design.

V. The Impact on School Culture and the Need for Dialogue

The following elements are all related: mission based compensation and the underlying philosophy of compensation; the definition of a full time job; the value placed on teaching, coaching and advising; ways for teachers "to get ahead"; the impact on school cultures and budgets and culture shifts resulting from titles and/or reduced workloads.

Boards and heads need to pay more attention to the structure and message that compensation delivery systems send to teachers each year. The salary system design and inherent message have a powerful impact on hiring practices and retention practices, and opportunities for reward. They have an even greater affect on a school's mission and the ability of a school to differentiate itself.

The beginning is a serious professional conversation among key constituents. From that dialogue might come more rational and more mission based structures for delivering compensation. Perhaps at a minimum there will be a better understanding of why a school is doing what it is doing and whether it wishes to continue down that particular path.

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