#### Joint Legislative Study Committee on School-Based Administrator Pay

November 28, 2016



### Student Achievement

86% 100% 90% 80% 60% 70% 60% 50% 40% 30% 20% 10% 0% White Limited English Non-Economically Economically Black Hispanic All Students Proficiency Disadvantaged Disadvantaged

ACT College Readiness & End of Course Proficiency vs. Graduation Rates

Despite graduation rates at all-time highs, 40% of NC students (and a full 60% of lowincome students) fail to meet the UNC minimum ACT score of college- and careerreadiness

■ % Meeting UNC Minimum ACT Score Screet Grade-Level Proficient School (4-year)

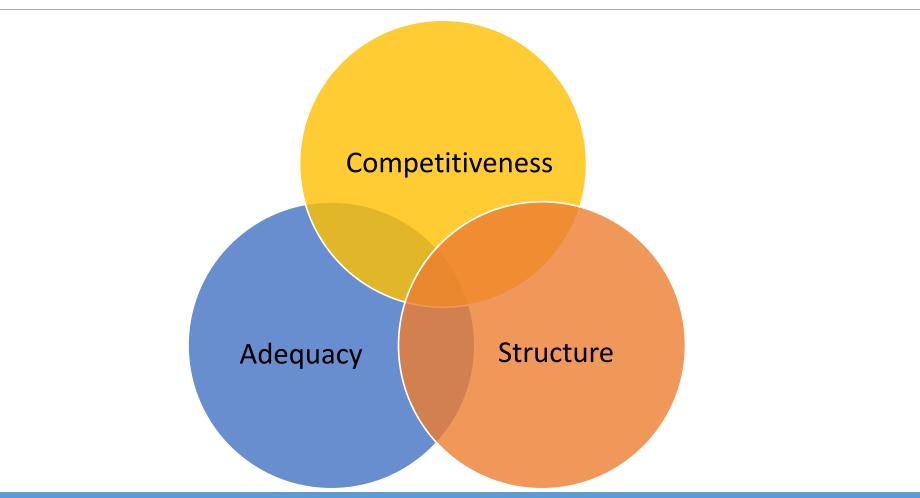
## Leadership Matters

25% of a school's impact on academic achievement can be attributed to the school leader.

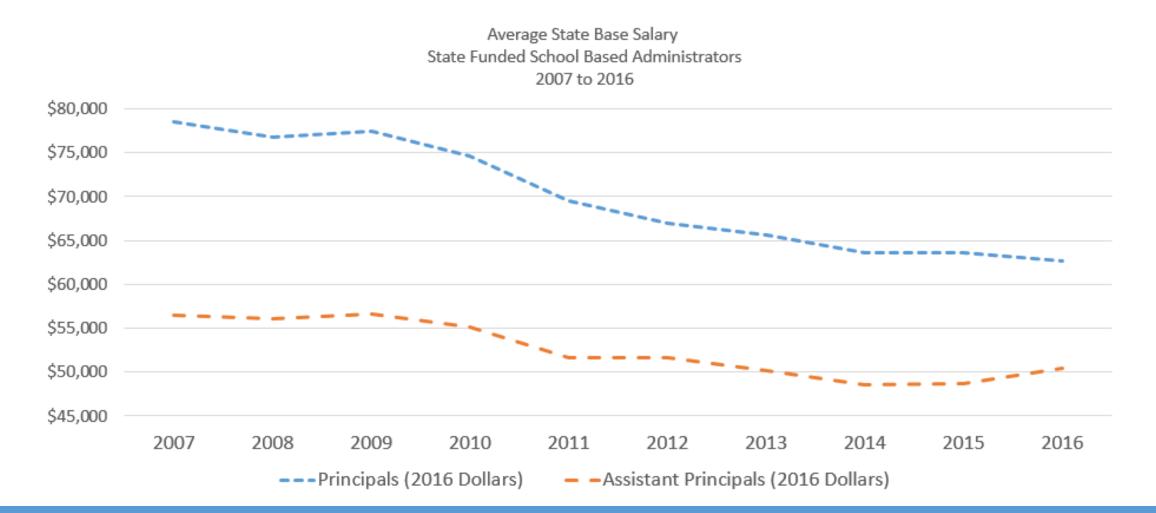
"You can have great teachers, but if you don't have a good principal, you won't have a good school."

- Eli Broad

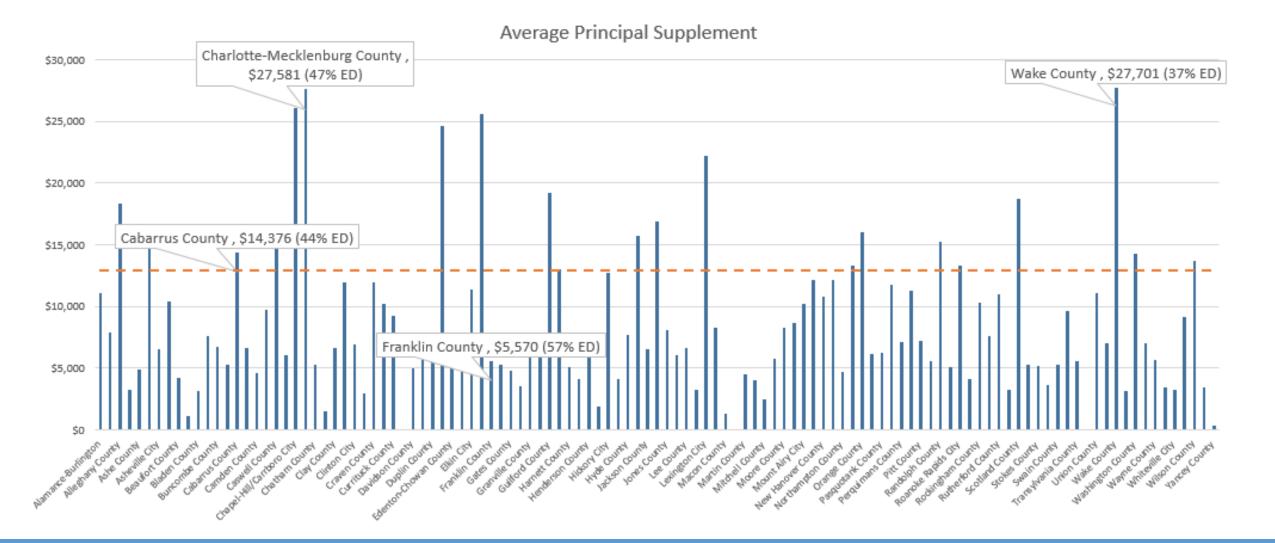
#### Challenges with School Administrator Pay in NC



The average base salary for NC's school-based administrators declined by 20% over the past decade, ranking us 50th in the nation.

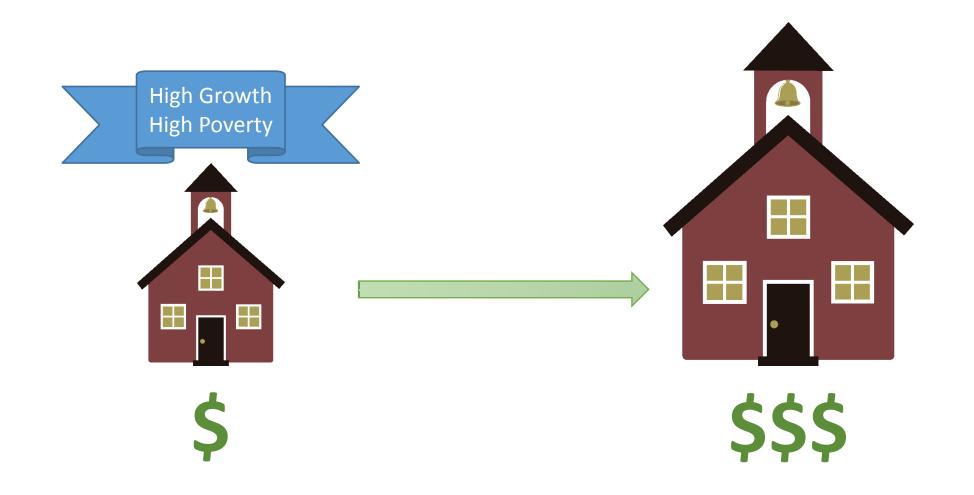


#### Local salary supplements for school principals vary significantly.



Source: NCDPI (2016)

The structure of NC's state salary schedules raises several challenges.



## **Compensation Priorities**

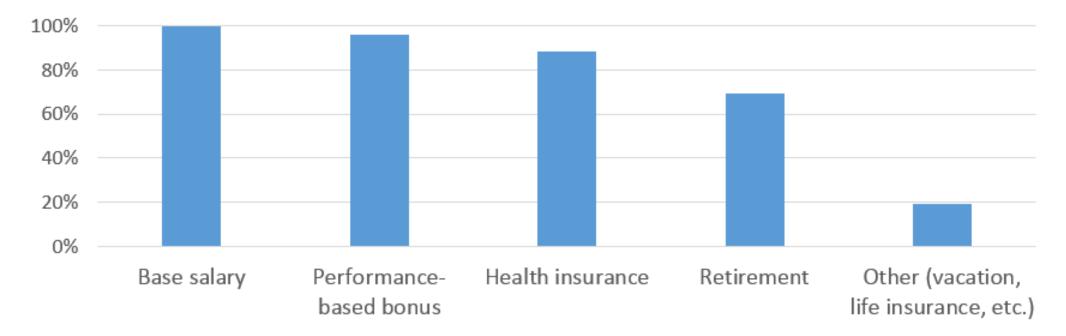
- Recruit outstanding educators with leadership competencies to the principalship.
- Incentivize well-prepared principals to serve in high-need schools.
- Increase retention of school principals where they can have their greatest impact.

### Lessons from the Private Sector

"Regardless of industry, if you want to attract, motivate and retain top talent, compensation must align to that philosophy."

**Source**: Informal, non-scientific poll of North Carolina companies (average size >5,000 employees)

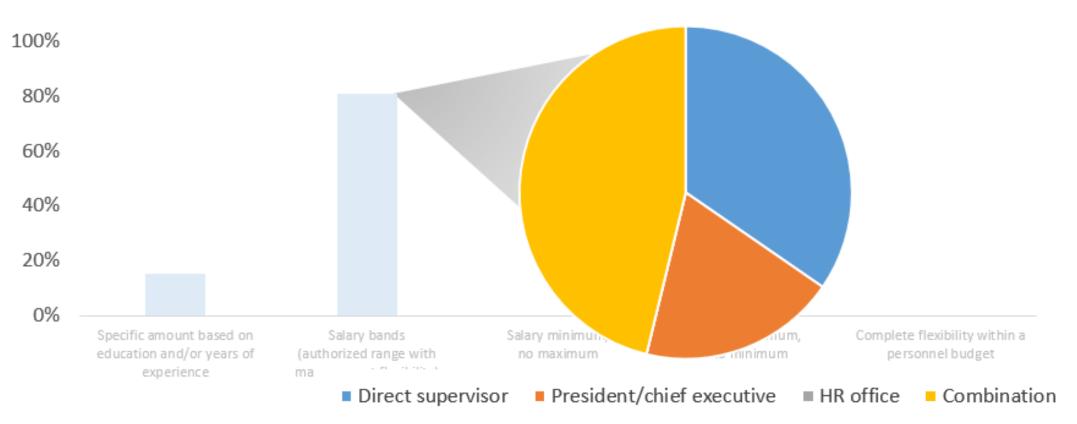
### Lessons from the Private Sector



#### **Elements of Annual Compensation**

#### Most organization leaders make salary decisions in cooperation with HR.

Who decides salary and bonus amounts?

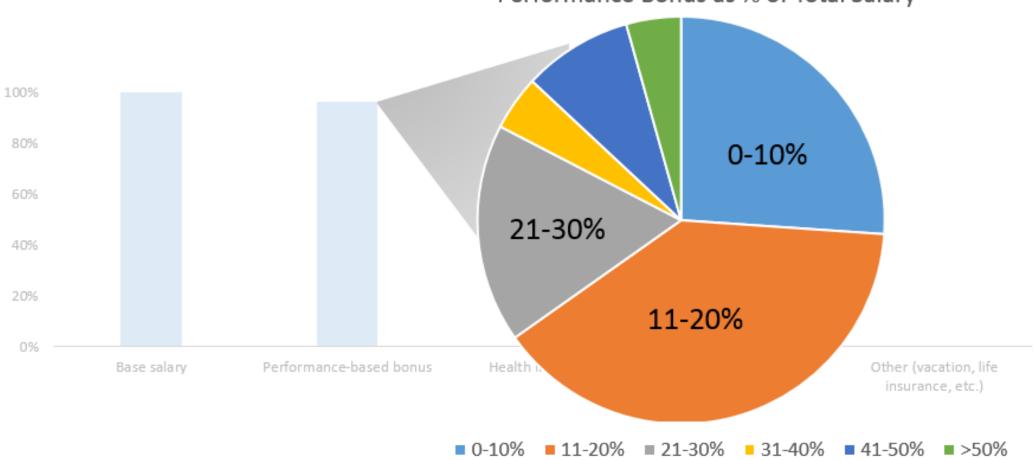


The great majority of employers provide some salary flexibility within guardrails set company-wide. Fewer than 1 in 5 provide total flexibility.

100% 80% 60% 40% 20% 0% Specific amount based Salary bands Complete flexibility Salary minimum, Salary maximum, on education and/or (authorized range with no maximum no minimum within a personnel years of experience management flexibility) budget

Structure of Base Salary Decisions

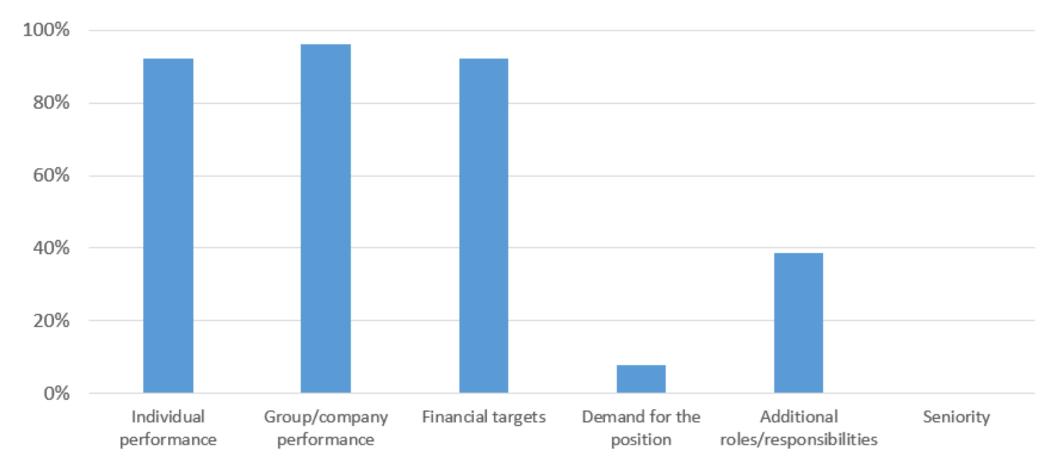
96% of employers offer performance bonuses, which average 23% of total salary.



Performance Bonus as % of Total Salary

**Source**: Informal, non-scientific poll of North Carolina companies (average size >5,000 employees)

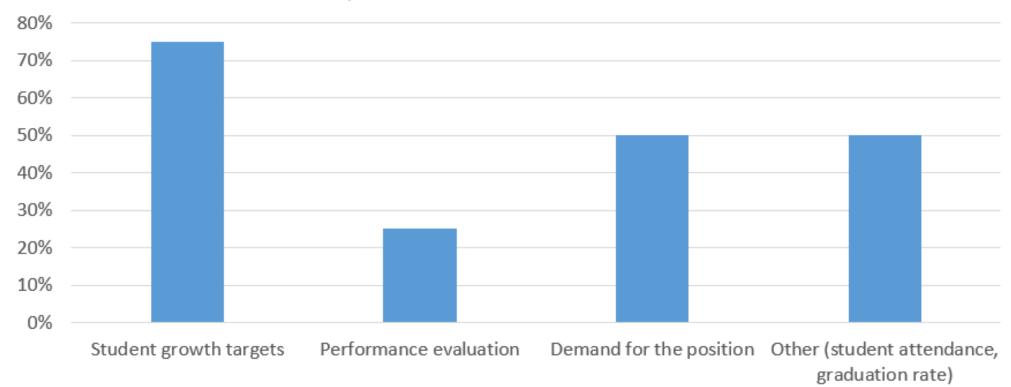
#### Most performance bonuses are determined based on multiple factors.



Composition of Performance-Based Bonuses

# Lessons from Education Innovations

In education as in private industry, performance bonuses are typically determined based on multiple factors.



Composition of Performance-Based Bonuses

### Recommendations

- **1. Significantly increase the overall level of administrator pay**, with a multi-year commitment similar to recent progress on teacher salaries.
- 2. Link administrator compensation structures to teacher salaries.
- **3.** Incorporate performance into principal salary structures (e.g., evaluation ratings, school-wide student growth).
- 4. Consider the demands of principals' assignments when determining their compensation (e.g., high-poverty schools, school size, morale).
- **5. Align compensation with other education priorities** (e.g., 3<sup>rd</sup> grade literacy, teacher leadership).
- 6. Provide local flexibility on compensation within statewide guardrails (e.g., #3-5).



# Thank you!

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