

# THE TEACHING JOB:

Restructuring for  
Effectiveness

## SECTION 5

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Compensation and Career Path

PRACTICAL TOOLS  
for District Transformation

# ANALYSES AND DO-IT-YOURSELF WORKSHEETS

THE TEACHING JOB WORKSHEET SERIES INCLUDES worksheets with step-by-step instructions to help you calculate and measure teaching effectiveness. These analyses can help identify your largest challenges and

greatest opportunities for action. Armed with this knowledge, you will be able to quantify transformational opportunities for your district. This document contains **Section 5.**

GET THE REMAINING WORKSHEETS AT [WWW.ERSTRATEGIES.ORG](http://WWW.ERSTRATEGIES.ORG).

## Analyses for restructuring teaching effectiveness

	ANALYSIS	WORKSHEET
<b>1. DEFINING AND MEASURING EFFECTIVENESS</b>	Measuring and managing teaching effectiveness	1. Span of review for teacher evaluation 2. District use of teacher evaluation data in human capital decisions
	<b>2. HIRING</b>	Supportive hiring practices
Tracking teacher distribution		4. Stability of teaching force by school performance
<b>3. INDIVIDUAL GROWTH</b>	Investing in teacher development	5. District individual professional development spending by category
	Managing poor performers	6. Unsatisfactory teacher performance by school performance quartile 7. Non-renewal patterns of untenured teachers
<b>4. SCHOOL-BASED SUPPORT</b>	Job and team assignment	8. Incidence of novice teachers and student performance by grade
	Collaborative planning time	9. Teacher collaborative planning and unspecified time
	Expert support and facilitation	10. Coach and lead teacher investment per teacher 11. Teacher-to-coach ratio by school, grouped by AYP status
<b>5. COMPENSATION AND CAREER PATH</b>	Compensation and career path	12. Compensation spending per teacher
	Competitive market salaries and benefits	13. Teacher salary relative to contracted hours
	Differentiated compensation	14. Total possible raises and stipends over a teacher's career

## Data checklist

Use this list to gather the data and files you will need to complete the worksheets that follow. Once you have the data you need and know which questions you want to answer, follow the steps identified in the worksheets for the appropriate analyses. You will need:

**District payroll file. This file will allow you to:**

- a. Identify actual salary, not average salary, and, if possible, the benefits for each position.
- b. Identify benefits and stipends.

**District teacher contract. This will allow you to:**

- a. Identify raises and stipends for which teachers are eligible.
- b. Identify the hours contractually required of teachers.

**District salary schedule. This file will allow you to:**

- a. Identify salaries at different levels.

# ANALYSIS AND WORKSHEET 12

## Compensation and Career Path

Teacher compensation in most districts comprises five major categories: base salary, experience, educational attainment, benefits, and other, which includes stipends/compensation for additional responsibilities and performance pay. Figure 12 illustrates this breakdown for two typical urban districts. Base salary is the single largest component of compensation, followed by experience, benefits, education, and finally, compensation that is based on teacher effectiveness and additional contribution or responsibilities.

Figure 12: Compensation Spending per Teacher



ERS has developed a set of compensation principles that outline how districts need to think differently about each of these components individually and as a system. The table below outlines the principles and the implications of implementing these principles in a typical district compensation system.

COMPENSATION PRINCIPLE	DESIRED RESULT	CURRENT COMPENSATION STRUCTURES THAT MAY NEED TO CHANGE
<b>OVERALL COMPENSATION LEVELS</b>		
<b>Competitive market salaries and benefits at entry and over time</b>	District and schools attract and retain the highest-quality candidates	<ul style="list-style-type: none"> <li>• Similar starting salaries to comparable opportunities</li> <li>• Differentiated salaries based on subject matter, particularly in market-competitive areas such as math and science and in high-need areas such as special education</li> <li>• Contract hours and work year adjusted to reflect job demands (e.g., added time for collaborative planning)</li> <li>• Benefit levels and structures aligned with local employers</li> </ul>

(cont.)

(cont.)

COMPENSATION PRINCIPLE	DESIRED RESULT	CURRENT COMPENSATION STRUCTURES THAT MAY NEED TO CHANGE
<b>DRIVERS OF SALARY INCREASES</b>		
<b>Differentiated compensation for greater contribution and responsibility</b>	Higher-performing teachers take on leadership roles	<ul style="list-style-type: none"><li>• Differentiated career paths that provide higher compensation for high-performing teachers who take on coaching, mentoring, peer assistance, and other roles</li></ul>
<b>Differentiated pay for hard-to-staff schools and subject areas</b>	District and schools attract and retain the highest-quality candidates to the areas of highest need  Highly effective teachers take on challenging assignments	<ul style="list-style-type: none"><li>• Significantly higher compensation levels for teachers who are effective in teaching high-need students and in high-need schools</li></ul>
<b>Greater compensation for more effective teachers and teaching teams</b>	Teachers focus on continuous improvement  Teachers and other school staff work collaboratively together  District and schools retain highest performers  Low performers leave the system	<ul style="list-style-type: none"><li>• Significantly higher compensation levels for those teachers and teams who contribute the most to improving student and school performance, with increased opportunities throughout a teacher's career</li><li>• Limited salary increases based on experience; no increases based on experience for low performers</li><li>• Reduced salary increases based on education, with awards linked to district and school needs; tenure awarded later in career and renewed periodically</li><li>• Greater increases in salary at tenure and at key career junctures</li><li>• Teaching effectiveness rubric that includes collaborative work</li></ul>
<b>WORK OPTIONS AFFECTING SALARY</b>		
<b>Flexibility to work higher or lower workloads and hours with prorated compensation</b>	District and schools retain highest performers	<ul style="list-style-type: none"><li>• Clarity and expansion of options for part-time work, job-sharing, and extended time</li></ul>

# Worksheet 12: Compensation spending per teacher

**OBJECTIVE:** To understand how district compensation spending is distributed across different categories.

## SUMMARY OF METRICS

STEP 1: Identify all K–12 teachers and their salaries and benefits.

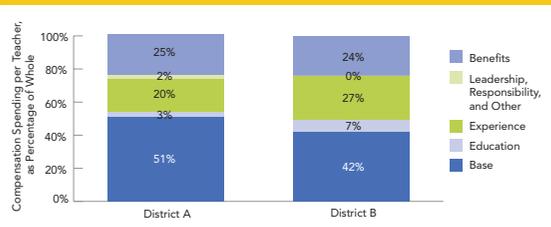
STEP 2: Split every teacher’s total compensation into the different compensation categories.

STEP 3: Calculate each compensation category as a percentage of total compensation.

STEP 4: Graph the compensation spending to understand how district compensation spending is distributed across the compensation categories.

## REMINDER

Figure 12: Compensation Spending per Teacher



## STEP 1: Identify all K–12 teachers and their salaries and benefits.

### 1. Using your district payroll file:

- Identify all K–12 teachers.
- Identify each teacher’s total compensation, including salary, benefits, and stipends. Include all benefits costs that are paid directly by the district. (Note: In many districts this will exclude pension costs.)

## STEP 2: Split every teacher’s total compensation into the different compensation categories.

### 1. Split the total compensation for every teacher into the following compensation categories:

- Base:** Look at the district salary schedule, and use the salary level at Step 1 and Lane 1.
- Experience:** Identify what step the teacher is in. Using the salary schedule, look at Lane 1, and subtract the base salary from the salary at the teacher’s current step.
- Education:** Identify what lane the teacher is in. Using the salary schedule, subtract the salary at Lane 1 and the teacher’s current step from the salary at the teacher’s current lane and step.
- Performance, responsibility, and other:** Using the payroll file and any other relevant sources, identify all other non-benefits compensation costs, including any raises or stipends for performance, additional responsibility, or any other raises or stipends.
- Benefits:** Using the payroll file, identify the district-paid cost of the benefits provided to the teacher.

### STEP 3: Calculate each compensation category as a percentage of total compensation.

1. Within each compensation category, sum across all teachers to get a total cost for the category.
2. Sum the total compensation for all teachers to get the total cost of compensation.
3. For each compensation category, perform the following calculation:

$$\frac{\text{Total cost of the category}}{\text{Total cost of compensation}} = \text{Compensation category as a percentage of total compensation}$$

### STEP 4: Graph the compensation spending to understand how district compensation spending is distributed across the compensation categories.

1. Construct a graph with:
  - a. Y-axis: Compensation spending, as a percentage of the whole.
  - b. X-axis: Create a stacked bar for your district's compensation spending, where each spending category from Step 2 constitutes one section of the bar. Compare your district's spending to the other districts shown in this guide.

## Competitive market salaries and benefits

To attract and retain high-quality teachers, urban districts need to compensate teachers competitively with surrounding districts. Many districts compare their salary schedules to those in other districts, but this comparison does not tell the whole story. Teachers making decisions on where to teach weigh compensation relative to working conditions, including the length of the contract day and year. Figure 13 shows starting teaching salary and annual contract time in seven urban districts. At first glance, District C appears to pay the highest salary, but teachers in District A have a shorter contract day and are thus paid more than District C teachers relative to contracted time.

Figure 13: Teacher Salary Relative to Contracted Hours

	District	Number of Teacher Days	Hours per Day	Annual Hours	Starting Bachelor's Salary
Total Teacher Hours	District A	183	6.5	1,190	\$44,943
	District B	190	7.1	1,346	\$44,587
	District C	192	7.5	1,440	\$48,567
	District D	196	7.5	1,470	\$39,114
	District E	181	7.1	1,279	\$48,446
	District F	181	7.0	1,267	\$43,787
	<b>Average</b>	<b>187</b>	<b>7.1</b>	<b>1,332</b>	<b>\$44,907</b>

Districts need to understand how they compare to surrounding districts, not just for starting salary but also at key points throughout a teacher's career. For example, if a district has an attractive starting salary but the increases for an effective teacher are lower than in neighboring areas, the district may invest in training and supporting teachers through those critical first years of their careers only to lose them to other districts once they hit their stride.

In addition to salaries, districts (and states) need to look carefully at the benefits packages they offer and whether they are using these resources strategically to improve the quality of teaching. Teacher benefits have traditionally been quite generous (i.e., defined benefit pension plans and generous health benefits), in part because of the perception that teachers have a lower salary scale than other professionals. However, this high investment in benefits can backfire on districts if top-quality candidates do not value the benefits as highly as they value salary. For example, most districts spend significant amounts on pension contributions for teachers. However, many younger teachers might prefer to receive the same amount in salary or other more current benefits. If districts are providing more generous benefits than other local employers but are still not attracting and retaining talented teachers who don't value those benefits, there may be opportunities to realign this spending and use these resources for other forms of compensation that attract and retain top teachers.

# Worksheet 13: Teacher salary relative to contracted hours

**OBJECTIVE: To compare teacher salaries, relative to contracted hours, to other districts.**

## SUMMARY OF METRICS

STEP 1: Identify your district's teacher days per year and teacher hours per day.

STEP 2: Calculate your district's annual teacher hours.

STEP 3: Identify your district's starting teacher salary.

STEP 4: Construct a table to compare starting teacher salary and contracted hours to other districts.

## REMINDER

Figure 13: Teacher Salary Relative to Contracted Hours

	District	Number of Teacher Days	Hours per Day	Annual Hours	Starting Bachelor's Salary
Total Teacher Hours	District A	183	6.5	1,190	\$44,943
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	<b>Average</b>	<b>187</b>	<b>7.1</b>	<b>1,332</b>	<b>\$44,907</b>

*Note: This guide illustrates this analysis for starting salaries for teachers with a bachelor's degree only. You may also want to compare your salaries to other districts at other key points in your salary schedule.*

## STEP 1: Identify your district's teacher days per year and teacher hours per day.

1. Using the teacher contract:
  - a. Identify the number of teacher days per year.
  - b. Identify the number of teacher hours per day.

## STEP 2: Calculate your district's annual teacher hours.

1. Perform the following calculation:

$$\begin{array}{r} \text{Number of teacher days per year} \\ \times \text{Number of teacher hours per day} \\ \hline \end{array}$$

**Teacher hours per year**

## STEP 3: Identify your district's starting teacher salary.

1. Using the salary schedule, identify the starting salary for a teacher with a bachelor's degree by looking at the salary level at Step 1 and Lane 1.

## STEP 4: Construct a table to compare starting teacher salary and contracted hours to other districts.

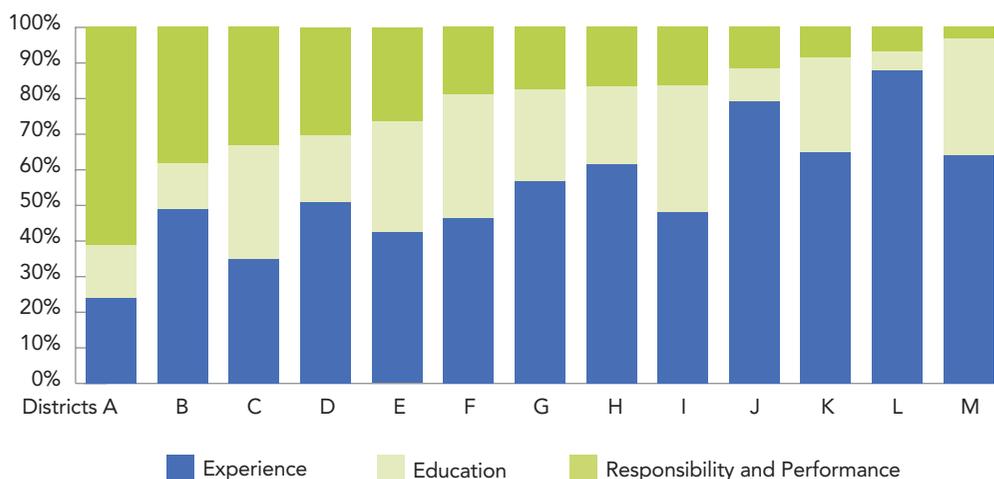
1. Using the information identified in Steps 2 and 3, construct a table to compare starting teacher salary and contracted hours to the other districts shown in this guide.
2. If possible, add other local districts to the table to compare your district with the districts with whom you most directly compete for talent.

## Differentiated compensation

Strategic districts looking to support excellent teaching should increase teachers' salaries based primarily on effectiveness and contribution. Salary schedules should include raises based on teaching effectiveness at all schools, differential pay for effective teaching in hard-to-staff subjects and schools, and opportunities for strong performers to take on additional leadership and other responsibilities for additional pay, especially at high-need schools.

Figure 14 illustrates the total potential for teachers to get compensation increases over the course of their careers based on education/experience versus contribution and leadership. In most of these districts, 20% or less of the total possible teacher salary is for responsibility and performance (this category includes teacher performance pay, subject- or school-specific bonuses, and compensation or stipends for taking on additional responsibilities).

Figure 14: Total Possible Raises and Stipends over a Teacher's Career



Strategic districts looking to support excellent teaching should increase teachers' salaries based primarily on effectiveness and contribution.

## Flexible work options

Most teacher positions in the same school or district look the same. While some teachers may teach a reduced course load to take on leadership responsibilities, such as department head or lead teacher, they still work the same hours per day and the same number of days per year as every other teacher. Part-time positions and full-year opportunities are rare. Districts can increase teacher loyalty, satisfaction, and retention by providing teachers with more flexible options throughout their careers. Flexible work options can also help attract higher-quality candidates and candidates for hard-to-fill subjects and positions, such as technology and engineering. These options should include part-time assignments for those who desire a reduced load as well as opportunities for those who want to increase their compensation or develop new skills to add responsibilities, hours, or days beyond the standard full-time teaching position.

# Worksheet 14: Total possible raises and stipends over a teacher's career

**OBJECTIVE: To understand the relative sizes of different drivers of compensation increases.**

## SUMMARY OF METRICS

STEP 1: Identify the maximum possible teacher raises and stipends from responsibility and performance.

STEP 2: Identify the maximum possible raise from experience.

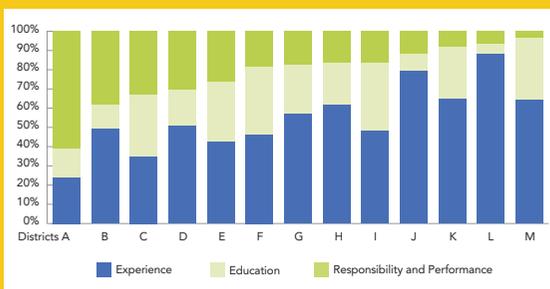
STEP 3: Identify the maximum possible raise from education.

STEP 4: Calculate each raise category as a percentage of total possible raises and stipends.

STEP 5: Graph your district's total possible raises and stipends to understand the relative investment in different areas and the resulting incentives for teachers.

## REMINDER

Figure 14: Total Possible Raises and Stipends over a Teacher's Career



*Note: This chart is intended to illustrate the maximum possible increases in salary and stipends that would be possible in your district if a teacher were to reach the maximum step, maximum lane, and qualify for all additional available raises and stipends. It is designed to show the relative value that your district's compensation model places on different drivers of compensation increases. It is not intended to reflect actual compensation for any individual teacher.*

## STEP 1: Identify the maximum possible teacher raises and stipends from responsibility and performance.

### 1. Using the teacher contract:

- Identify every possible raise and stipend a teacher can receive either for taking on additional responsibility or for performance.
- Sum all the possible raises and stipends for responsibility and performance.

## STEP 2: Identify the maximum possible raise from experience.

### 1. Using the salary schedule:

- Calculate the difference between the salary at the lowest step and the salary at the highest step for each lane.
- To obtain the maximum possible raise from experience, take the maximum difference between the lowest step and the highest step.

## STEP 3: Identify the maximum possible raise from education.

### 1. Using the salary schedule:

- Calculate the difference between the salary at the lowest lane and the salary at the highest lane for each step.
- To obtain the maximum possible raise from education, take the maximum difference between the lowest lane and the highest lane.

**STEP 4: Calculate each raise category as a percentage of total possible raises and stipends.**

1. Sum the values calculated in Steps 1, 2, and 3 to get the total possible raises and stipends for teachers in the district.
2. Divide each value from Steps 1, 2, and 3 by the total possible raises and stipends for teachers to calculate each as a percentage of total possible raises and stipends.

**STEP 5: Graph your district's total possible raises and stipends to understand the relative investment in different areas and the resulting incentives for teachers.**

1. Construct a graph with:
  - a. Y-axis: Possible raises and stipends, as a percentage of the whole.
  - b. X-axis: Create a stacked bar for your district's total possible raises and stipends, where each category from Steps 1, 2, and 3 constitutes one section of the bar. Compare your district's possible raises and stipends to the other districts shown in this guide.

# QUESTIONS TO CONSIDER AND ACTION STEPS

## Questions to Consider

1. Is your district's compensation structure competitive with surrounding districts, adjusted for working conditions and hours?
2. Does your district offer benefits that exceed what other local employers offer?
3. Does your district provide significant salary incentives for teachers around contribution and leadership?
4. Are there opportunities for your district to begin to shift salary increases from education and experience to contribution and leadership?
5. Does your district offer flexible working options that allow teachers to work additional or reduced hours for prorated pay at different times during their careers?

## Take Action!

- **Develop a *shared long-term vision for your compensation system*.** Changing the way that teachers are paid is a large and controversial undertaking. All critical parties must be involved in the discussion from the beginning, including teachers, the teachers' union, school leaders, the school board, parents, and, in many cases, the state. Work collaboratively with this group to define a new vision for the teaching job that recognizes the value of the profession; maintains or increases overall investment in teachers; provides the support and environment for teachers to learn and grow over their careers; rewards effectiveness and contribution; and does not tolerate poor performance or lack of professionalism.
- **Overhaul your teacher compensation system to align with the guidelines on pages 4 and 5.** As we have discussed throughout this guide, we believe that better teaching is the linchpin to improving the quality of public education. To do this, you need to fundamentally restructure the job of teaching, including how teachers are compensated. The best solution is to dramatically rebuild the system from the ground up, eliminating traditional step and lane increases, rather than simply layering small performance bonuses on top of the existing system—but this cannot be done in a vacuum. Simply changing how teachers are paid, without also redefining how they are hired and trained, assigned, evaluated, and supported, *will not work*.

A complete overhaul of the teacher compensation system may require transitional investment in the short term, as districts try to respect veteran teachers who have “played by the old rules” for their entire careers, while providing exciting career and salary opportunities for younger teachers. Federal funding focused on improving teaching effectiveness and private funding may be possible sources of this transition funding.

- **Align compensation goals across all levels.** If you are going to hold teachers accountable for effectiveness, it is important that a portion of the evaluation for school leaders, school supervisors, superintendents, and other staff also be linked to performance. Aligning compensation systems encourages all levels in the district to work more effectively together to reach common goals.

## Short-term Opportunities

Even if a complete overhaul of the compensation system may not be realistic right now, there are incremental steps you can take now to free resources and redirect them toward critical areas. We have tried to highlight short-term opportunities to reallocate spending below, as well as in the other guides in this series. *These steps will help you move toward your long-term vision and the principles on pages 4 and 5.*

As you undertake incremental changes to teacher compensation, it is critical that you ensure that each incremental step you take brings you closer to this vision. For instance, eliminating cost-of-living increases may be a way to cut costs in the short term and be less controversial than other options. However, keeping cost-of-living adjustments and instead taking the same dollars from step or lane increases achieves the same dollar savings and moves you closer to a system that rewards contribution and effectiveness. When budgets are restored, instead of reinstating step or lane increases and restoring the status quo, you can push for performance bonuses or stipends for effective teachers to teach in hard-to-staff subjects or schools or other investments that reward effectiveness and contribution.

- **Review your compensation levels relative to other districts.** Salary schedules are publicly available. Review your salary levels and working conditions to understand your salary levels and contracted hours relative to comparable and surrounding districts. You can use this information in collective bargaining to make starting salaries more comparable.
- **Review benefits relative to other local employers.** Schools tend to have generous health benefits and pensions. Districts should evaluate shifting spending from benefits to salary, as long as benefits remain competitive. As part of your analysis, include a review of your retirement plan to see if there are more cost-effective alternatives.
- **Reduce or remove lane increases.** There is no demonstrated correlation between teaching effectiveness and educational attainment beyond a bachelor's degree (except for a slight impact in the case of high school math and science).<sup>1</sup> By negotiating a reduction, phase-out, or complete removal of salary increments for additional credits or degrees, you can free up significant resources to invest in other areas. You can also tighten policies for approving lane education credits. In most districts, principals or central office supervisors must approve individual course credits toward lane credit. By approving only courses that truly impact instructional effectiveness or move teachers toward certification in critical fields, and by requiring a minimum grade for credit, you can reduce lane spending and improve the quality and impact of the courses teachers are taking.
- **Enable teachers to reach the top salary step earlier in their careers.** In the districts we have studied, there are between 12 and 30 steps in the salary ladder. By having the salary scale top out earlier in a teacher's career, districts can free more dollars to invest in incremental compensation for contribution and leadership.
- **Change the way you offer stipends.** Be proactive in directing stipends toward your top performers. First, when possible, encourage your best teachers to take on additional responsibilities, allowing them to earn stipends and get leadership experience as a reward for high performance. Second, revise stipends so more money goes to those who make the biggest contribution to school and student achievement. Third, concentrate stipend resources in high-need schools to reward those teachers willing to teach there.

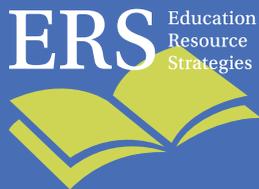
1 Ozdemir, M., & Stevenson, W. (2010). "The Impact of Teachers' Advanced Degrees on Student Learning." *Human Capital in Boston Public Schools: Rethinking How to Attract, Develop and Retain Effective Teachers*. Washington, DC: National Council on Teaching Quality.

Ehrenberg, R., & Brewer, D. (1994).

- **Create differential salary schedules by subject.** Teachers with expertise in some subjects (e.g., math, technology, science, special education) have more (and more highly compensated) alternatives to teaching than teachers in other subjects (e.g., physical education, music). This difference in the marketplace should be reflected in teacher compensation. Many districts have implemented nominal stipends of \$1,000–\$2,000 per year. This differentiation is not sufficient to compete with other job alternatives. The additional compensation must be enough to attract and retain effective teachers in these areas.
- **Differentiate compensation for teaching at hard-to-staff schools.** Teachers in hard-to-staff schools who can demonstrate effectiveness should receive extra compensation if they are willing to commit to at least three years. You might also consider differentiation for teams of effective teachers who elect to transfer to high-needs schools together, as this can be attractive for teachers and is a powerful strategy to jump-start a shift in school culture and performance. Again, stipends of \$1,000–\$2,000 per year are not sufficient to compete with other job alternatives. The additional compensation must be enough to attract and retain effective teachers to these schools.
- **Differentiate compensation based on teacher effectiveness.** Before districts can consider paying teachers based on effectiveness, they need to have a strong, multifaceted teacher evaluation system that includes value-added measures of student growth (see Section 1 of this series). Once this system is in place, districts should look to reward teachers who demonstrate effectiveness as measured through student performance, observation, and instructional practice. The additional pay must be significant enough to provide effective teachers with truly differentiated compensation and to retain the most talented teachers throughout their careers. The easiest and fastest way to do this is by layering performance bonuses on top of existing salary schedules. But embedding effectiveness in the salary schedule itself provides the most effective and sustainable change for both districts and teachers, as add-on programs may be both limited in size because they are new dollars and easier to cut in tough budget years.
- **Develop career lattices/paths that allow teachers to take on more leadership responsibility and still teach.** Consider adding multiple pathways so the most effective teachers can take on leadership responsibilities either through teaching a reduced load, working over the summer, or adding additional time during the school year. Reward teachers for this work on top of their salaries.
- **Develop career lattices/paths that allow teachers to reduce their workloads temporarily or permanently.** Find ways to keep your best teachers teaching. Encourage part-time work if needed temporarily (e.g., for a teacher with young children at home or pursuing a graduate degree). These options can provide needed flexibility for teachers and can help districts manage budgets by giving them flexibility in matching staffing to student needs. For example, one school might need two teachers with different qualifications but only need each one half-time. Districts can support schools in using part-time teachers by actively recruiting and hiring a pool of skilled part-time employees and working with unions to build in this flexibility.

## ABOUT ERS

ERS is a non-profit organization dedicated to helping urban school systems organize people, time, and money to create great schools at scale.



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