



DECEMBER 1

Rethinking the Value Proposition to Improve Teaching Effectiveness

By Regis Anne Shields and Christopher Lewis

One out of a series of three ERS publications on teacher compensation, this paper explores what it means to transform the value proposition between school systems and teachers, and provides guidance on steps to reach this new vision.

Introduction

All employers, including school districts, enter into a *Value Proposition* with their employees—the complete set of offerings and experiences provided by the employer, compared to other similar opportunities. A successful Value Proposition reflects the needs of both employer and employee, not only attracting and retaining employees with the right skills and knowledge, but giving employees the rewards and working conditions that motivate and engage them at the level and quality desired by the employer.

Because teaching effectiveness is the single most important in-school factor for improving student achievement,¹ rethinking the Value Proposition and how it gets communicated is one of the crucial levers available for school districts to increase their student achievement through improved attraction and retention of excellent teachers. What employers offer in any Value Proposition is broader than salary and benefits, and includes professional growth and career opportunities, work-life balance structures, and recognition. It also encompasses

working conditions—things like quality of leadership,² opportunity for teamwork, student motivation and discipline, and demands and structure of the job.³ To date, many districts have thought too narrowly about their Value Proposition, if at all. When defining Value Proposition, districts have relied heavily on the intrinsic value of the teaching mission, rarely looking beyond salary and benefits. Even with these, they have failed to communicate the totality of what is offered, particularly with respect to benefits—health, retirement, and fringe. Improving communication of the Value Proposition will improve the pool of applicants, and employers must also successfully discern and select the most effective applicants to gain value from the larger pool.⁴

This brief gives districts a roadmap for re-envisioning and rebuilding their Value Proposition. It requires a dramatic change in perspective, and deliberate shifts in investments to better meet district needs while also considering teacher preferences.

Constructing the Value Proposition

Districts must engage in five steps to transform the Value Proposition into an effective management tool in attracting, retaining, and motivating a high-performing teaching cadre. They must:

1. **Flip** their perspective from one in which existing compensation levels and structures drive who chooses to teach, to one that defines desired skills and attributes, then devise a Value Proposition to attract appropriate candidates;
2. **Expand and Assess** their definition of the Value Proposition to include elements of teaching that attract and retain high-potential candidates, weighing their current Value Proposition against that broader definition;
3. **Customize** Value Proposition elements to support district priorities and reflect teacher preferences;
4. **Prioritize** elements of the Value Proposition to optimize investment for high impact and fiscal sustainability; and
5. **Communicate** the Value Proposition with sufficient clarity, making it widely accessible.

1. Flip the Value

The place to begin is at the end. Constructing a teacher Value Proposition—“What do I need to give in order to **get** the right people for achieving my objectives?”—requires district leaders to begin at the end point, with a clear definition of who those right people are. Most districts have constructed their Value Proposition the opposite way, stating what they will give without defining clearly what they want in return. This has resulted in a teacher-compensation and job structure that doesn't reliably produce the teachers we need.

Districts must upend how they think about the Value Proposition. They should begin by describing their instructional objectives. Once established, they can define the type and quality of teachers they seek to hire, as well as bringing about the specific job conditions and supports that nurture professional growth in teachers.

2. Expand and Assess

School districts must avoid narrowly defining the teacher Value Proposition as simply salary and benefits, for two reasons. First, a successful Value Proposition must balance employer *and* employee interests. While compensation is important, we know from surveys that working conditions are critical to teacher job satisfaction, and thus retention. Second, a narrow definition of the Value Proposition makes it difficult for districts to compete with the private sector for highly qualified candidates, making districts appear to have less to offer.

Districts rarely consider the concept of working conditions as a component of how they invest in their teaching Value Proposition. Evidence suggests that supportive principals, collaborative working conditions, and professional empowerment are particularly important for high-performing candidates and teachers. The most recent MetLife Survey of the American Teacher, which reported teacher satisfaction to be at the lowest level in the 20-year survey history, found higher job satisfaction among teachers who felt their jobs were secure, were valued by the community, and offered opportunities for collaboration and teaming where work is shared.⁵

Since districts compete with the private sector for the same talent, communicating the *entire* Value Proposition is essential. In particular, districts often under-communicate the value of pensions and benefits, though these frequently put districts at a competitive advantage relative to private-sector employers. But even with a completely restructured teacher-compensation system, competition with the private sector on salaries and benefits alone may

FIGURE 1: Potential Value Proposition Elements⁷

Compensation: Direct Pay	Compensation: Benefits	Recognition	Development and Career Opportunities	Working Conditions (work/life balance)
<p>Salary (Min, Max, Potential/Expected Trajectory, COLA)</p> <p>District-Priority Premiums</p> <ul style="list-style-type: none"> • High-needs area and schools <p>Market-Incentive Premiums</p> <ul style="list-style-type: none"> • Math and science teachers <p>Roles and Responsibilities</p> <ul style="list-style-type: none"> • Leadership • Contribution/ • Additional responsibilities • Stipends for additional hours <p>Monetary Rewards</p> <ul style="list-style-type: none"> • Individual and group performance 	<p>Health and Welfare</p> <ul style="list-style-type: none"> • Medical plans • FSAs • Life insurance • Disability insurance • Discounts for fitness clubs, etc. <p>Retirement</p> <ul style="list-style-type: none"> • Pension • Accumulated leave • Health insurance <p>Pay for Time Not Worked</p> <ul style="list-style-type: none"> • Summer/winter breaks • Vacation • Holidays • Religious holidays • Sick leave • Bereavement leave • Maternity/paternity leave <p>Financial</p> <ul style="list-style-type: none"> • Transit subsidies • Employee discounts • Financial planning services • Mortgage/housing programs 	<p>Service Awards</p> <p>Peer-recognition awards</p> <p>Performance/appreciation/innovation awards—individual and school</p>	<p>Learning Opportunities</p> <ul style="list-style-type: none"> • Tuition reimbursement • Sabbaticals • Professional development • Opportunities for collaboration with peers/on-the-job learning time • Coaching and mentoring • Performance reviews • Certification renewal • Average actual teacher improvement <p>Instructional Supports</p> <ul style="list-style-type: none"> • Curriculum supports • Formative Assessment Tools <p>Advancement Opportunities</p> <ul style="list-style-type: none"> • Career ladders and pathways • Leadership opportunities 	<p>Job Structure</p> <ul style="list-style-type: none"> • Flex time • Part-time • Job-sharing • School schedule (day and year) • Load, number of preps, and duties <p>Working Conditions</p> <ul style="list-style-type: none"> • Safe and clean environment • Collegial working conditions • Opportunities for input, participation, and impact • Strong school leadership • Job protection

be a challenge, especially in the current economy.⁶ Analyzing the entire Value Proposition allows districts to emphasize (and adjust, if appropriate) those pieces that may lack high monetary value but yield great satisfaction in terms of mission, work-life balance, or individual growth.

The potential components of the teaching profession’s Value Proposition are detailed in **Figure 1**. The Value Proposition has five basic elements: (1) Direct Pay, (2) Benefits, (3) Recognition, (4) Development and Career Opportunities, and (5) Working Conditions (work/life balance).

“The solution to increasing satisfaction among teachers is not simply to raise their pay... If you pay me \$100,000 a year, the job isn't any easier... More money is not that answer. It's more [leadership], responsibility, better training, better PD.”

— Rebecca Mieliwocki
2012 Teacher of the Year*

3. Customize

While major elements are similar, no two Value Propositions should be exactly the same. This is obvious between sectors—private and public—and across different professions. It is also the case across districts. The specifics of the Value Proposition will be dictated by factors outside the immediate control of the employer, detailed in **Figure 2** on the next page, such as the legal environment around what must be offered and cannot be offered, the constraints of available resources, and the local context. If contractual or regulatory constraints limit a district's ability to construct an attractive offering, district leaders must work to change this.

The Value Proposition is also influenced and shaped by factors over which employers have greater control: strategic priorities and an understanding of the specific preferences of targeted employees. Individual employees may be willing to trade specific elements of the Value Proposition to maximize those they prioritize, allowing a district to give those employees more value for the same cost.⁸

While it is important to customize a district's Value Proposition, schools must also assess and improve their school-level Value Propositions. Some of the elements discussed are relevant across an entire district (for instance, benefits), whereas other

elements, such as principal leadership and building conditions, are specific to individual schools. Note that if teachers can't apply directly to schools, altering school-level Value Propositions has limited impact on attracting better teachers, but impacts retention. Districts have a responsibility to help their neediest schools improve their school-level Value Proposition, since these schools struggle to attract and retain excellent teachers. Help could include an initiative to place excellent principals in turnaround schools, or paying more to highly effective teachers for working in the neediest schools.

4. Prioritize

Compensation is not the only component of a Value Proposition that significantly impacts the financial bottom line. Since public revenues are generally constrained at some level, it's impossible for districts to fully fund all district priorities or honor all employee preferences. Districts must structure the Value Proposition to attract, motivate, and retain a high-performing teaching force *in a financially sustainable way*, meaning that districts must prioritize which elements to fund. The process of prioritization begins as districts tailor their Value Proposition to their needs. District leaders must then consider the student impact and cost of each component in their Value Proposition to best leverage resources and maximize impact on student outcomes.

Some elements of the Value Proposition impact attraction over retention, and vice versa. The differential tends to center around transparency, or lack thereof, that prospective new hires have around certain elements. For instance, working conditions impact retention over attraction, since new hire candidates have less insight into working conditions than do current teachers. In prioritizing elements of the Value Proposition, districts should consider whether they want to privilege attraction over retention.

*Heitin, L. 2012 National Teacher of the Year Hopes to 'Restore Dignity' to Teachers, Education week, 2012, April 24

Understanding the entire cost of the Value Proposition helps districts align scarce financial resources with priorities and support attracting, retaining, and motivating a high-performing working force. A small salary increase for all teachers may be better invested in other parts of the Value Proposition to improve teaching effectiveness, for instance. Coaching resources can be an expensive line item, especially if funded at levels that provide enough attention and support to improve instruction. Coaching, if structured and implemented in alignment with best practices, can improve teaching effectiveness⁹ and teacher satisfaction.¹⁰ Given this

knowledge and these costs, a district must consider which investments make better financial and strategic sense: investment in coaching resources or a tiny increase in salary.¹¹ (See **Figure 3** on next page) The answer to this question depends on a district’s specific context, including competitiveness of salary and benefits as compared to surrounding districts, current structures for individual growth and professional development, and other elements in the Value Proposition.

With all of that said, salary and benefit levels are vitally important. Everyone, including teachers, wants to be paid adequately. Intrinsic motivation

FIGURE 2: Examples of Customizing the Value Proposition

Value Proposition Variables	Potential Factors	Examples
External		
Legal	Union contracts	Salary and many working conditions (sick leave, class size, etc.) dictated by union contract
	State laws	State law often defines benefits, pensions, and job security
Resources	Funding levels and flexibility	Higher-funded districts have more options in constructing a Value Proposition, unless funding streams are tied to specific uses
Local Context	Urban/suburban/rural	District setting may impact the value of safe working conditions
	Local economy	Level of market competition with area employers influences the total size of a Value Proposition package; cost of housing in proximity to schools influences inclusion of housing benefits
Internal		
District Strategic Priorities	Workforce performance and capacity	With a high-performing workforce: Value Proposition could include more opportunities for leadership and collaborative professional communities; with a novice or lower-performing workforce: Value Proposition could include more opportunities for directed professional development and support
Employee Preferences	Age	With a younger workforce: Value Proposition could emphasize maternity/paternity benefits, professional development opportunities, job sharing, and flexible schedules. With an older workforce: emphasis might be on health and retirement benefits.
	Proximity to job	Mass transit/travel subsidies may be part of a Value Proposition if a significant number of teachers live outside the district.

FIGURE 3:

Professional Growth or Compensation?

Assume District A wants to improve teaching effectiveness but is confronted with high teacher turnover. The options placed before the Superintendent: increase compensation or invest in a coaching program.

With \$4 million available for this effort and 1000 teachers, this means the Superintendent can hire 50 coaches (at \$80,000 each) at a teacher coach ratio of 20:1 or give each teacher a raise of \$4,000?

Which will be more effective in attracting, retaining, and motivating teachers?

and professional development don't pay the mortgage or college tuition. Not only does getting compensation right contribute to attracting, retaining, and motivating a high-performing workforce, it may also spur higher performance. Daniel Pink in *Drive* suggests that, "Effective organizations compensate people in amounts and in ways that allow individuals to mostly forget about compensation and instead focus on the work itself."¹² He asserts that not getting it right keeps compensation front and center and inhibits creativity, ultimately unraveling performance.

Economists vigorously debate the best methodology for determining the competitiveness of current teacher salary and benefits.¹³ Without wading into the details of that debate, evidence suggests that districts have a hard time competing with other professions for top-quality candidates, given current salary levels and growth patterns. A recent report by McKinsey & Company, "Closing the talent gap: Attracting and retaining top-third graduates to careers in teaching," indicates that the most

significant differences between teaching and the chosen careers of top-third college graduates lie with compensation.

With regard to attracting and retaining top-third students, the report shows that starting salary, expected growth, and maximum potential salary are all critical factors in compensation structures.¹⁴ This same report shows that only 10 to 18 percent of top-third students say teaching offers a competitive starting salary, pays appropriately for the skills and effort they would bring, or offers a salary that would increase substantially over the next seven to 10 years. Only one in three think teaching pays enough to support a family, and more than half believe they could earn more as a garbage collector.¹⁵

Beyond perceptions, the annual salary of teachers in the United States without adjusting for the shorter work year is lower than the annual salary of college graduates employed in other occupations. Salaries for American teachers with 15 years' experience are, on average, 60 percent or less of full-time earnings for 25- to 64-year-olds with tertiary education in the United States.¹⁶ The International Organisation for Economic Co-operation and Development (OECD) reports that supply of potential teachers is highly responsive to increase in salaries.¹⁷

5. Communicate

For a district's Value Proposition to drive success in attracting, retaining, and motivating high-performing employees, it must be understandable and accessible.

Understandable. Prospective or current employees must be able to compare the Value Proposition and its individual components with that of competing employers, including other professions and surrounding districts. This requires districts to cost out individual components in ways they have not previously done, and to collect and provide comparison information on competitors, if available.

FIGURE 4: Salary vs. Adjusted Hourly Rate

District	# Teacher Days	Hours/Day	Annual Hours	Starting BA Salary	Adjusted Hourly Rate
A	183	6.5	1190	\$44,943	\$37.76
B	190	7.1	1346	\$44,587	\$33.12
C	192	7.5	1440	\$48,567	\$33.72

Source: ERS analysis and partner district data

For example, a district might consider its elementary literacy-coaching program to be a major selling point, and invest significant resources toward creating a nationally recognized program. The district will want to tout this program, but it must also value it so that a potential employee understands how that investment translates into personal value, either through teacher-to-coach ratio or dollars-per-teacher expenditure. How a district represents this investment depends on the trade-offs and priorities of the employee and employer. If the district has specifically chosen to invest in a coaching program rather than slightly increase salaries, since its salaries are on par with neighboring districts, the dollars-per-teacher calculation must highlight this (Figure 4).

In communicating comparisons, districts should ensure that comparisons are apples-to-apples, particularly with salaries. While districts routinely report salary scales, they rarely include a picture that adjusts for required hours worked, which often differs significantly by district.

Requirements for teacher hours do not represent actual hours worked by most hard-working, conscientious teachers.¹⁸ However, they do represent hours available for school-wide use for student instruction, team collaboration, professional development, or other activities important to both employee and employer. At first glance in Figure 4, District C appears to offer an 8 percent higher salary at \$48,567 over District A at \$44,943.

However, these starting salary levels do not account for differences in total annual hours worked. When starting salaries are adjusted for annual hours worked, District A's shorter contract day and year means its adjusted hourly rate of \$37.76 is higher than District C's at \$33.12.

Accessible. The Value Proposition is an effective human-resource management tool if it is an active and live concept. It must be kept current, with consistently updated information, readily available to all employees and—to the extent possible—personalized for each employee.

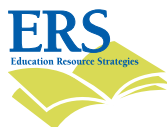
Conclusion

As school districts rethink their teacher Value Proposition, they must not ignore their most valuable asset: the opportunity to impact, improve, and enrich the lives of children and young adults. This intrinsic characteristic is a priceless asset in attracting, retaining, and motivating a high-performing teaching force. That said, it is no longer sufficient for districts to rely primarily on the intrinsic nature of the profession to achieve their goals. The concept of the Value Proposition can be an effective human-resource tool to attract a teaching force that our demanding education outcomes require.

This publication was made possible with funding from the Bill & Melinda Gates Foundation.

End Notes

- 1 Winters, M. (2011). Measuring teacher effectiveness: Credentials unrelated to student achievement. Manhattan Institute Issue Brief No. 10. Hanushek, E.A. & Rivkin, S.G. "Teacher Quality," in Eric Hanushek and Finis Welch, eds., *Handbook of the Economics of Education*, vol. 2. Amsterdam: North-Holland, (2006), pp. 1051-1075.
- 2 Milanowski, A.T.; Longwell-Grice, H.; Saffold, F.; Jones, J.; Odden, A.; & Schomisch, K. (2007, July). *Recruiting new teachers to urban school districts: What incentives will work*. School Finance Redesign Project, Working Paper 11. Seattle: Center on Reinventing Public Education, University of Washington. http://www.crpe.org/csr/crpe/download/csr_files/wp_sfrp11_milanowski_aug08.pdf
- 3 Koppich, J.E.; Humphrey, D.C.; & Hough, H.J. (2007, April 3). *Making use of what teachers know and can do: Policy, practice, and National Board Certification*. *Education Policy Analysis Archives*, 15(7). <http://epaa.asu.edu/epaa/v15n7/>
- 4 Goldhaber, D. (2010). "Teacher Pay Reforms: The Political Implications of Recent Research." Center for Education Data and Research. Retrieved February 15, 2012 from [http://cedr.us/papers/working/CEDR_percent20WP_percent202010-4_Teacher_percent20Pay_percent20Reforms_percent20\(8-23-10\).pdf](http://cedr.us/papers/working/CEDR_percent20WP_percent202010-4_Teacher_percent20Pay_percent20Reforms_percent20(8-23-10).pdf)
- 5 MetLife Survey of the American Teacher 2012. Retrieved from www.metlife.com/teachersurvey Coggshall, J.; Behrstock-Sherratt, E.; & Drill, K. *Workplaces That Support High-Performing Teaching and Learning*, AFT/AIR, April 2011.
- 6 Ingersoll, R. & Smith, T. (2003). "The Wrong Solution to the Teacher Shortage." *Educational Leadership*. Retrieved on October 3, 2012 from http://www.gse.upenn.edu/pdf/rmi/EL_TheWrongSolution_to_theTeacher-Shortage.pdf
- 7 Adapted from "World at Work: Total Rewards Model" at www.worldatwork.org.
- 8 DeArmond, M.; DeBurgomaster, S.; & Goldhaber, D. *Teacher Attitudes About Compensation Reform: Implications for Reform Implementation*. Cornell University, IRL Review, Vol. 64 (3) Article 2, 2008. <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1462&context=ilrreview>
- 9 Kowal, J.; & Steiner, L. *Issue Brief: Instructional Coaching*. Center for Comprehensive School Reform and Improvement, September 2007. <http://www.centerforcsri.org/files/CenterIssueBriefSept07Coaching.pdf>
- 10 Stephens, D. & Vanderburg, M. *The impact of literacy coaches: what teachers value and how teachers change*, *Elementary School Journal*, Vol. 111(1)
- 11 For help modeling the financial impact of different choices, please see ERS' DREAM (District Resource Allocation Modeler) tool at erstrategies.org
- 12 Pink, Daniel. *Drive: The Surprising Truth about what Motivates Us*. New York: Riverhead Books, 2009, p. 178
- 13 Podgursky, M. & Mishel, L. (2005, July). "Are teachers under-paid?" National Center on Teacher Quality. Retrieved from http://www.nctq.org/p/publications/docs/nctq_square_off_20071202080402.pdf and Allegretto, S.; Corcoran, S. & Mishel, L. (2008). "The teaching penalty." The Economic Policy Institute. Retrieved from http://epi.3cdn.net/05447667bb274f359e_zam6br3st.pdf
- 14 Byron, A.; Kihn, P. & Miller, M. (September 2010). "Closing the talent gap: Attracting and retaining top-third graduates to careers in teaching." McKinsey & Company. Retrieved February 17, 2012 from <http://mckinseyonsociety.com/closing-the-talent-gap/>
- 15 Ibid
- 16 Organisation for Economic Co-operation and Development. (2011). "Building a high-quality teaching profession: lessons from around the world." Retrieved February 28, 2012 from <http://www2.ed.gov/about/inits/ed/internationalel/background.pdf>
- 17 Ibid
- 18 See footnote 13, which references articles that detail the considerable debate on how to calculate teacher salaries comparable to other professions.



Education Resource Strategies | 480 Pleasant Street, Suite C-200 | Watertown, MA 02472 | Phone: 617.607.8000

ERS is a non-profit organization dedicated to helping urban school systems organize talent, time and money to create great schools at scale. **For more information see ERStrategies.org**