

How a Strategic Compensation Model Can Promote Teacher Sustainability

A better, more strategic way to attract new teachers and retain experienced ones: differentiated salary structures.

By Tara Anderson, David Rosenberg, and Ash Holland



Today's teachers are pulled between two competing needs: their passion for teaching and their financial goals. Nearly all are committed to helping students succeed in the classroom, but few are paid the competitive salary they deserve.

To boost the education landscape, districts across the United States are putting forth a collective 42% more per-student dollars today than they did 30 years ago. What was the average increase in inflation-adjusted annual teacher pay during that same period, though? A mere \$715.

Teachers are watching their friends in comparable professions rise through the ranks and earn increasingly

competitive salaries, while they're stuck in a decades-old compensation model that doesn't account for increased responsibilities and workloads (see Figure 1).

When combined with unsustainable structures, it's no wonder too many teachers are leaving the profession and district leaders are struggling to fill persistent vacancies, particularly in high-needs schools and subject areas.

Our work with districts nationwide has shown a better way. We've seen that leaders who effectively retain teachers and make their role more satisfying do more than incrementally raise salaries. Together they rethink the teaching job and the compensation models that sustain it.

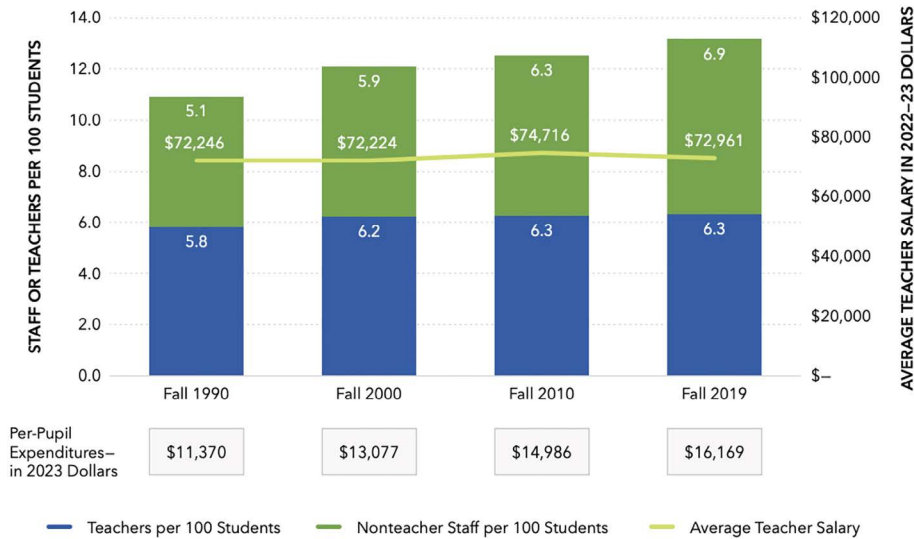


Figure 1. Teacher Salary Compared with Staff- and Teacher-to-Student Ratios
 Sources: National Center for Education Statistics, *Digest of Education Statistics*, tables 208.20, 211.50, and 213.10.

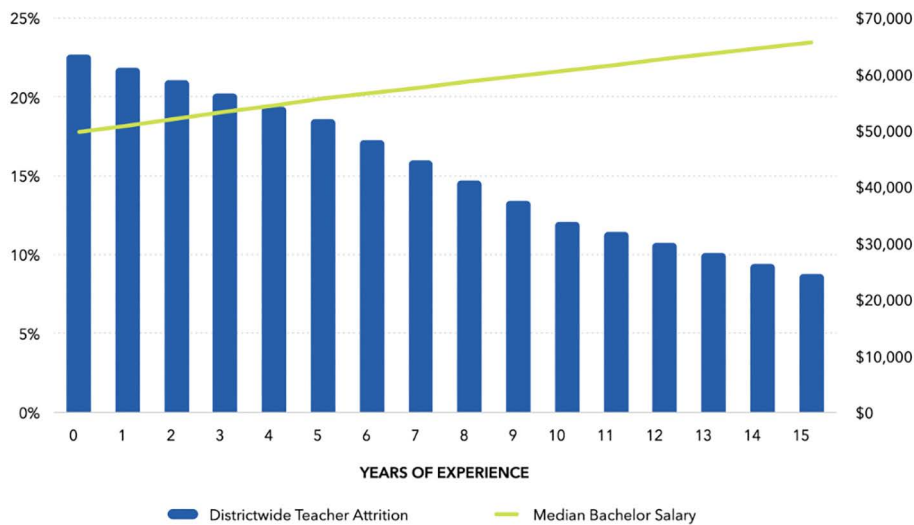


Figure 2. Teacher Attrition vs. Step Pay Increases
 Sources: National Council on Teacher Quality, Teacher Contract Database; National Center for Education Statistics, Comparable Wage Index for Teachers.
 Note: Calculations based on ERS analysis of teacher turnover in six large districts, May 2023. Median bachelor salary calculations based on 53 of the largest districts that use a traditional salary schedule.

Why the Traditional Compensation Model Isn't Working

Over the past few decades, amid rapid inflation and a roller-coaster economy, district leaders have worked hard to keep up with competitive teacher salaries, but these efforts can go only so far when they're made within a limiting model.

The traditional model typically allocates evenly sized step raises—usually about \$1,000—across all teachers' salaries. In this step-and-lane structure, teachers are compensated on the basis of their years of experience (the step) and their level of education (the lane).

Although seemingly fair on the surface, this structure results in small gains for individual teachers and a large overall expense for districts (see Figure 2).

Within this model, leaders would need to boost spending considerably to create an across-the-board increase large enough to eliminate the compensation gap between teachers and similarly educated professionals (Allegretto 2023). For most districts, that just isn't feasible, and districts that *can* afford that would garner stronger benefits from investing in strategies that reduce class sizes, better support early-career teachers, or provide job-embedded coaching support.

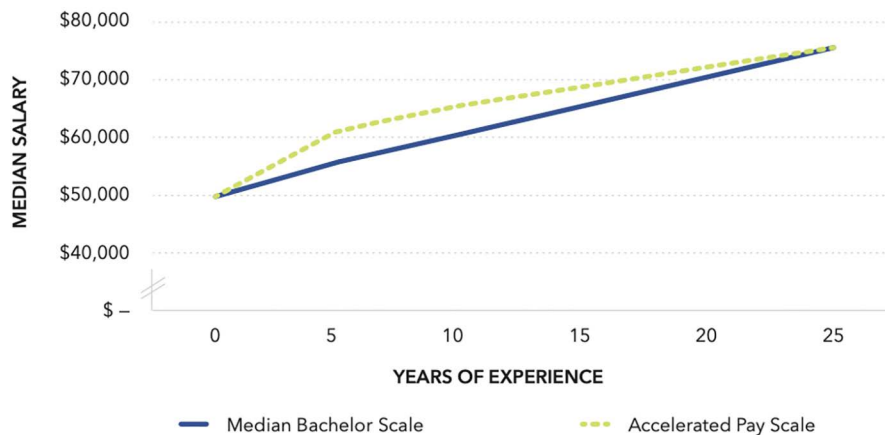


Figure 3. Traditional Salary Schedule Compared with Accelerated Pay Scale
 Sources: National Council on Teacher Quality, Teacher Contract Database; National Center for Education Statistics, Comparable Wage Index for Teachers.
 Note: Median bachelor salary calculation based on 53 of the largest districts that use a traditional salary schedule.

A More Strategic Approach

We’ve seen firsthand that there’s a better, more strategic way to attract new teachers and retain experienced ones. The key? Differentiated salary structures that better support teachers with the highest risk of leaving and allow for more supportive career pathways for high-potential teachers. Here are four key actions to create this strategic compensation model.

1. Increase pay for early-career teachers. Teachers’ effectiveness grows the most during their first five years of teaching, but the lack of support structures for these early-career educators causes too many to leave before they even reach the half-decade mark (Kini and Podolsky 2016). Education Resource Strategies’ 2023 study of teacher turnover trends found that 23% of teachers across six districts left in their first three years—10 percentage points higher than those with 8–15 years of experience (ERS 2023). That means that districts across the country not only are losing teachers in critical areas, but also are losing the *potential* those new teachers hold for becoming great educators down the road.

Perhaps unsurprisingly, a recent RAND Corporation survey reported that 98% of teachers with 0–5 years of experience cited low salary as a top reason for considering leaving their district. When many teachers are saddled with mountains of student loan debt, they often can’t afford to stay in low-paying roles.

It’s clear that early-career teachers need more financial support to learn and grow. Shifting away from across-the-board increases in favor of larger pay boosts in the early years can provide this kind of support.

In fact, giving larger increases in years 3 through 7 can be game-changing for early-career educators. An accelerated pay scale would enable a teacher to earn \$60,000

by year 5, rather than year 10 under the traditional salary schedule. When combined with other strategies for reducing workloads and providing more opportunities for development coaching, early-career salary increases can better retain teachers during critical periods in their careers (see Figure 3).

2. Focus on high-needs schools and hard-to-staff subjects. Teacher turnover is tough on all schools, but our teacher turnover study found that it disproportionately affects those schools that primarily serve students experiencing poverty (see Figure 4). As it turns out, one in three teachers leave high-poverty schools, compared with one in five from the lowest-poverty schools.

What does that mean for students? It means that the students who need the most support often receive the least. They often lack the same access to high-quality learning experiences that their peers in other schools receive. And when teachers lack supportive working conditions in high-poverty schools, they often move to lower-poverty schools where they can make the same salary, further compounding the district-wide problem (Simon and Johnson 2015).

That’s why districts benefit from incentivizing effective teachers to teach in high-needs schools—if the financial incentive is large enough to retain them.

The Talent Transfer Initiative, for example, offered teachers a \$20,000 bonus for moving to a higher-needs school, and it worked (Glazerman et al. 2013). Not only did the program save elementary schools about \$13,000 per grade compared with other strategies, but it also allowed them to retain 93% of the teachers who received the bonus. In 2020, the state of Hawaii was able to reduce special-education vacancies by 35% by paying special-education teachers an additional \$10,000

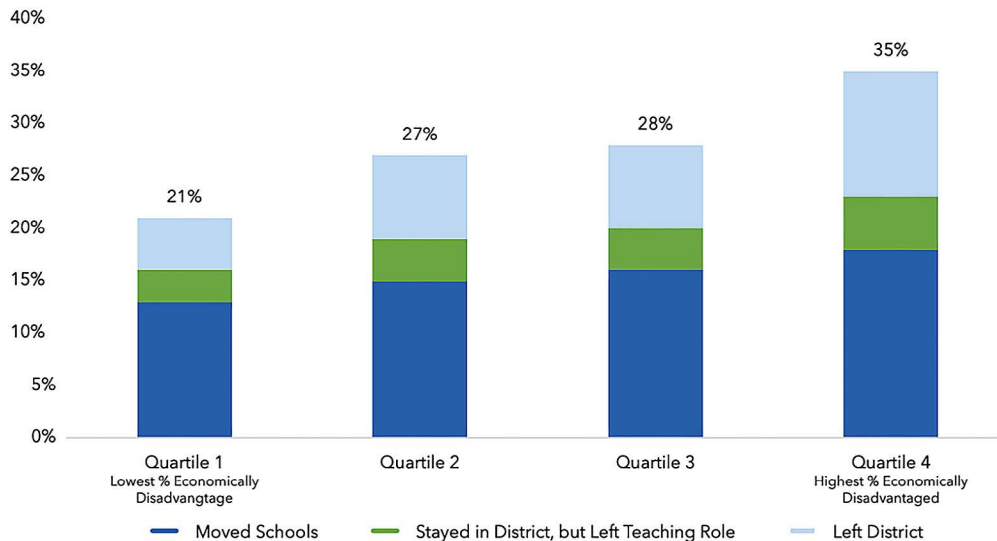


Figure 4. Average School-Level Turnover between October 2022 and October 2023

annually (Theobald et al. 2023). Those in high-poverty schools received \$8,000 on top of that stipend.

3. Don't focus on advanced degrees. A staggering 96% of districts pay teachers with master's degrees more than those with only a bachelor's. The average difference, around \$7,147 per year, adds up to about 2%–3% of the average district's overall budget (ERS 2022).

The question is, are districts getting a high return on this investment?

According to multiple studies, the answer is no (Chingos and Peterson 2011). Teachers without an advanced degree, it turns out, are just as effective as those with one (Ladd and Sorensen 2015).

Rather than prioritizing advanced degrees, district leaders should focus on teaching effectiveness and helping educators progress through teacher leadership pathways. For the same amount that a typical district invests in lane pay, for example, it could increase pay for early-career teachers and create leadership opportunities that extend the reach of the most effective teachers.

For this strategy to work, district leaders need to ensure that teachers see the benefits of these shifting priorities. They must demonstrate how they'll reallocate resources previously put toward lane pay *within* the new compensation system to smooth out the implementation plan.

4. Create teacher leadership pathways — and pay teachers well for taking them on. Most districts have some form of leadership role available to experienced teachers; however, many of these roles require teachers to move away from students into instructional coach and school administrator positions. Others—such as grade-level chairs or first-year teacher mentors—keep leaders in classrooms but with added

workloads for only nominal stipends (typically about \$1,500 annually).

Meaningful, instruction-focused leadership roles that take on less administrative work and more coaching, modeling, and curriculum-oriented collaboration tasks can extend the reach of highly effective educators while increasing team satisfaction and retention, but only if they invest both time and money in nurturing strong leaders.

Teachers in leadership positions need sufficient time to observe, coach, and collaborate with the educators they lead, which often requires district leaders to restructure schedules to create this time. They also need pay that's commensurate with their increased responsibilities. multi-classroom leaders at Public Impact's Opportunity Culture (2023), for example, have protected time to work intensively with their teaching teams *and, on average, they earn an extra 20% pay.*

Building Toward a Better Role

In an educational environment marked by persistent turnover and challenging staffing shortages—challenges that disproportionately affect students of color and students from low-income backgrounds—higher teacher salaries are critical, but they're not everything.

Our teacher turnover analysis found that 12% of teachers in the highest-poverty schools moved to other schools in their district, despite their salaries remaining the same; the moves were likely due to challenging workloads and a lack of supportive structures. Similarly, in RAND's State of the American Teacher Survey, teachers reported that several other top reasons for considering leaving their role included working outside the school day, high total hours worked, lack of availability

of classroom support staff, and lack of flexibility in their work schedules (Doan, Steiner, and Woo 2023)

From these data, one thing is clear: to truly improve the sustainability of the teaching role, leaders need to rethink the structure of the job itself and create compensation models that match that structure. Teachers deserve (1) expert-led teaching teams that allow them to learn and grow, (2) shelter-and-develop models that provide meaningful support, and (3) schedules that enable doable workloads and include substantial planning time. Creating these conditions requires district leaders to take swift, creative, and strategic action.

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