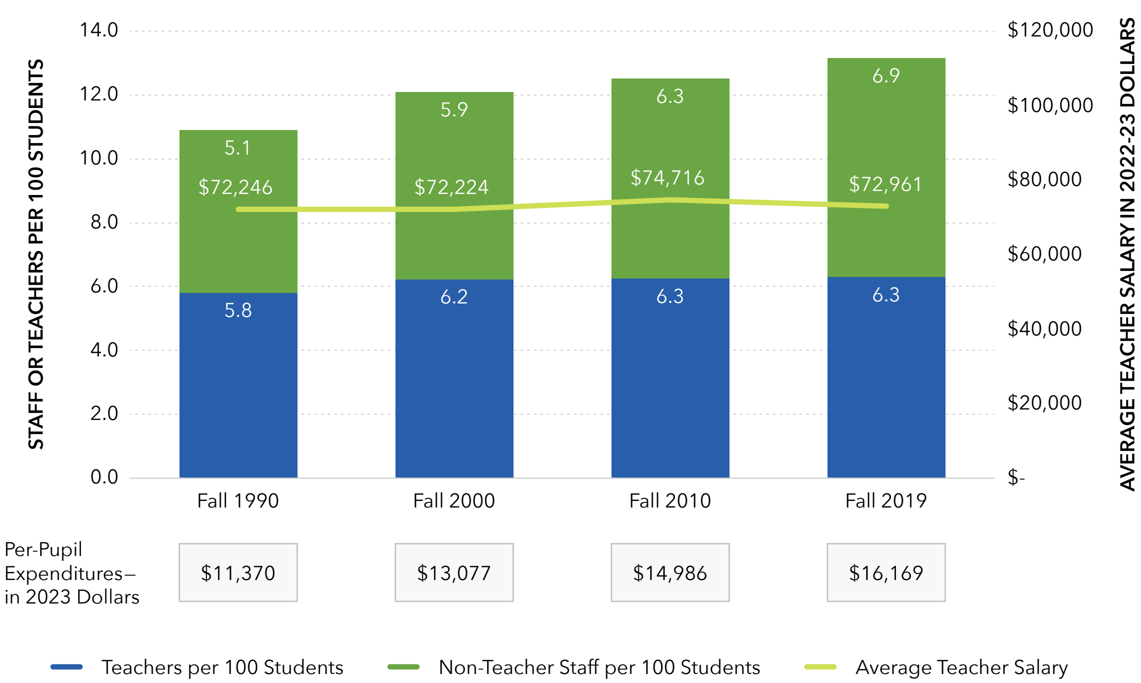
DESIGNING A STRATEGIC COMPENSATION MODEL

Why Salary Matters to the Sustainability of the Teaching Job

To attract and retain great teachers—especially in an era of persistent teacher shortages—we need to restructure the teaching role to become more dynamic, rewarding, collaborative, sustainable and diverse. One critical lever for doing so? *Competitive compensation.*

Although the U.S. spends 42% more per-pupil dollars on students' education today than we did 30 years ago, inflation-adjusted weekly teacher pay has increased by only $29. And the way teachers are paid in most districts is similarly stagnant, with compensation systems reinforcing rigid, isolating roles that remain static over the course of a teacher's career.

TEACHER SALARY COMPARED TO STAFF- AND TEACHER-TO-STUDENT RATIOS[1]



A strategic approach to compensation can both increase potential earnings for the most effective teachers and catalyze deeper, long-needed improvements in the core structure of the teaching role. By designing a compensation system that targets pay increases to teachers' roles and impact, district leaders can build toward other elements that ensure the teaching job is rewarding and sustainable. A strategically designed compensation model can shape the path toward educator teams with specialized roles and open up career pathways for effective teachers to extend their reach—and pay—without requiring them to leave the classroom.

1. Source: ERS analysis using data from NCES Table 213.10. Staff employed in public elementary and secondary school systems, by type of assignment: Selected years, 1949-50 through fall 2019; NCES table 208.20. Public and private elementary and secondary teachers, enrollment, pupil/teacher ratios, and new teacher hires: Selected years, Fall 1955 through Fall 2031; NCES table 211.50. Estimated average annual salary of teachers in public elementary and secondary schools: Selected years, 1959-60 through 2021-22.

"Do Now" Compensation Strategies to Drive Teacher Retention

Most districts use a step-and-lane compensation model that allocates evenly sized, across-the-board step raises—typically about $1,000—to teachers as they gain years of experience. They also enable teachers to increase their pay by earning advanced degrees. But this traditional model results in small gains for individual teachers.

An increase large enough to **eliminate the compensation gap between teachers and similarly educated professionals** would require districts to boost spending by 6%—an amount equivalent to providing high-dosage tutoring to 20% of the district's students.

This rigid model also prevents district leaders from using compensation as a tool for retaining their most effective teachers, especially in the schools and subjects where they're most needed. But district leaders can take a more strategic approach to compensation systems that build toward a more sustainable teaching job by:

- Rapidly increasing pay in teachers' first few years to reduce attrition of high-potential teachers.
- Paying teachers significantly more for teaching in high-needs schools and critical subject areas.
- Creating well-compensated teacher leadership pathways that link large pay increases to increased responsibility.
- Establishing criteria to ensure teachers who have demonstrated effectiveness in raising student achievement receive increases.
- Decoupling teacher pay from advanced degrees that aren't connected to student learning.

Here are four key components of a strategic compensation model focused on driving teacher retention and satisfaction.

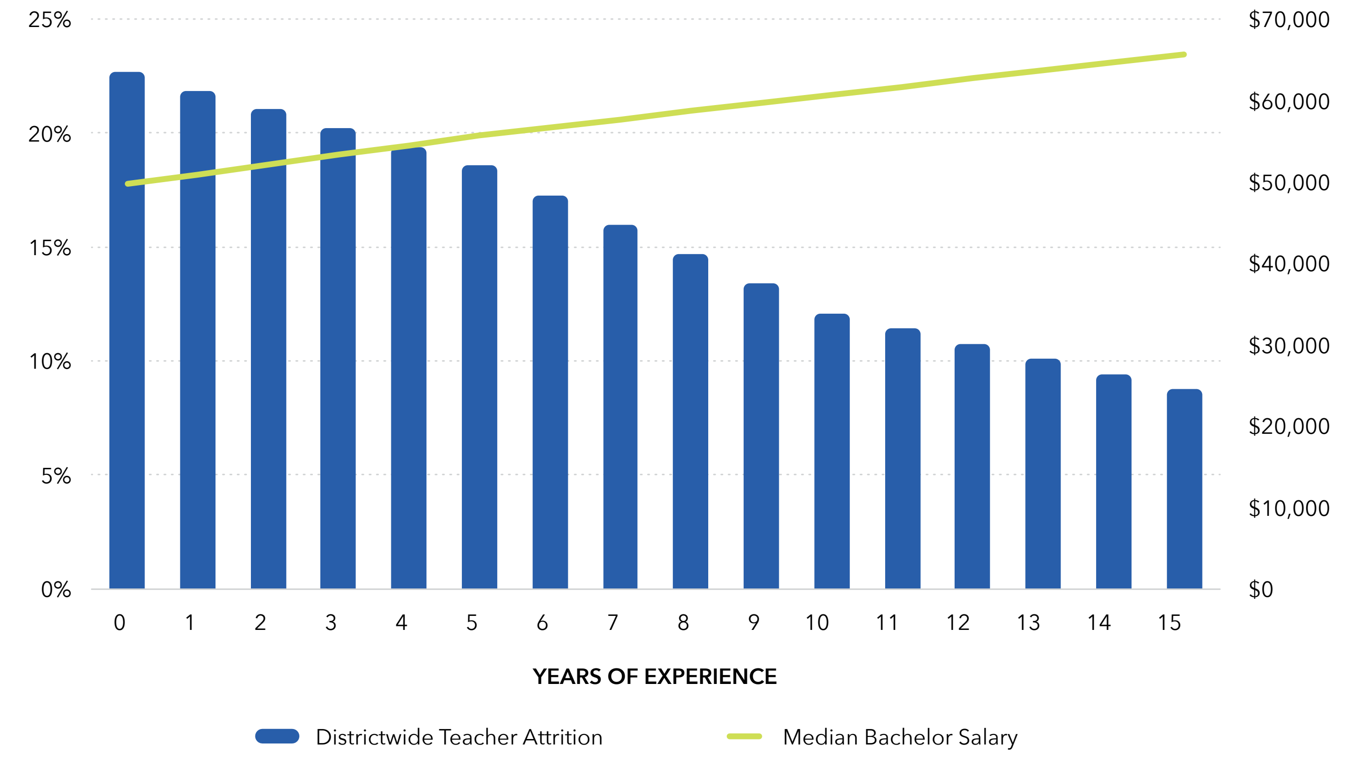
1 ACCELERATE PAY FOR EARLY-CAREER TEACHERS

The median starting salary for K-12 public school teachers is $50,000[2], and in districts with a traditional step-and-lane model, new teachers accumulate raises slowly. A teacher's growth in effectiveness is **most steep in their first five years**, but many new teachers leave before they reach that point. By supporting rookie teachers well and retaining them for at least four years instead of two, a district could **generate as much as four incremental months of learning for students** taught by those teachers.

The current data on early-career teachers shows troubling trends that leaders could mitigate with more strategic compensation models: Our **teacher turnover study** found that 23% of teachers across six districts left in their first three years—10 percentage points higher than teachers with 8-15 years of experience. In a **2023 RAND survey**, 98% of teachers with 0-5 years of experience cited low salary as a top reason they considered leaving their district. Additionally, many new teachers start their careers with student loan debt, so giving them larger pay increases sooner can reduce the pressure on these educators to seek out higher-paying work elsewhere, either in another district or by leaving teaching entirely.

2. To determine this number, we analyzed salary schedules for the 100 largest districts in the U.S., based on data from the **National Council on Teacher Quality's teacher contract database**.

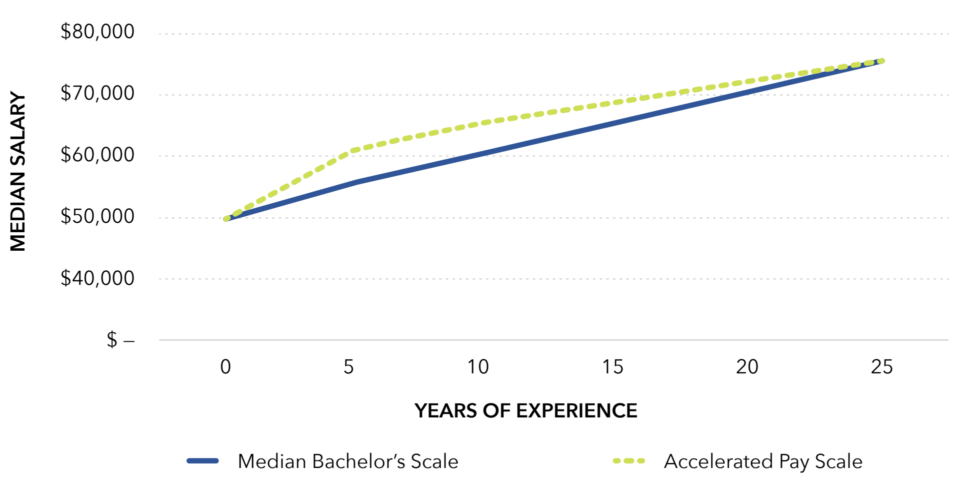
TEACHER ATTRITION VS. STEP PAY INCREASES[3]



What Can District Leaders Do?

Given teachers' rapid growth in effectiveness in the first five years, incentivizing new teachers to stay during this period can have a big impact on student learning. District leaders can better retain early-career teachers by accelerating pay increases in the early stages, giving them an annual pay bump of up to $5,000—rather than the typical $1,000—in each of the first 5-8 years.

TRADITIONAL SALARY SCHEDULE COMPARED TO ACCELERATED PAY SCALE[4]



An accelerated pay scale would enable a teacher to **earn $60,000 by year five** instead of year 10 under a traditional salary schedule.

3. Illustrative chart based on ERS analysis of teacher turnover in six large districts, May 2023. Median Bachelors salary calculated based on of 53 largest districts that use a traditional salary schedule. Salary schedule data collected from NCTQ Teacher Contract Database. Available at: https://www.nctq.org/contract-database/home. Salary adjusted for differences in cost of living using the Comparable Wage Index for Teachers (CWIFT). Available at: https://nces.ed.gov/programs/edge/Economic/TeacherWage.

4. Median Bachelors salary calculated based on of 53 largest districts that use a traditional salary schedule. Salary schedule data collected from NCTQ Teacher Contract Database. Available at: https://www.nctq.org/contract-database/home. Salary adjusted for differences in cost of living using the Comparable Wage Index for Teachers (CWIFT). Available at: https://nces.ed.gov/programs/edge/Economic/TeacherWage.

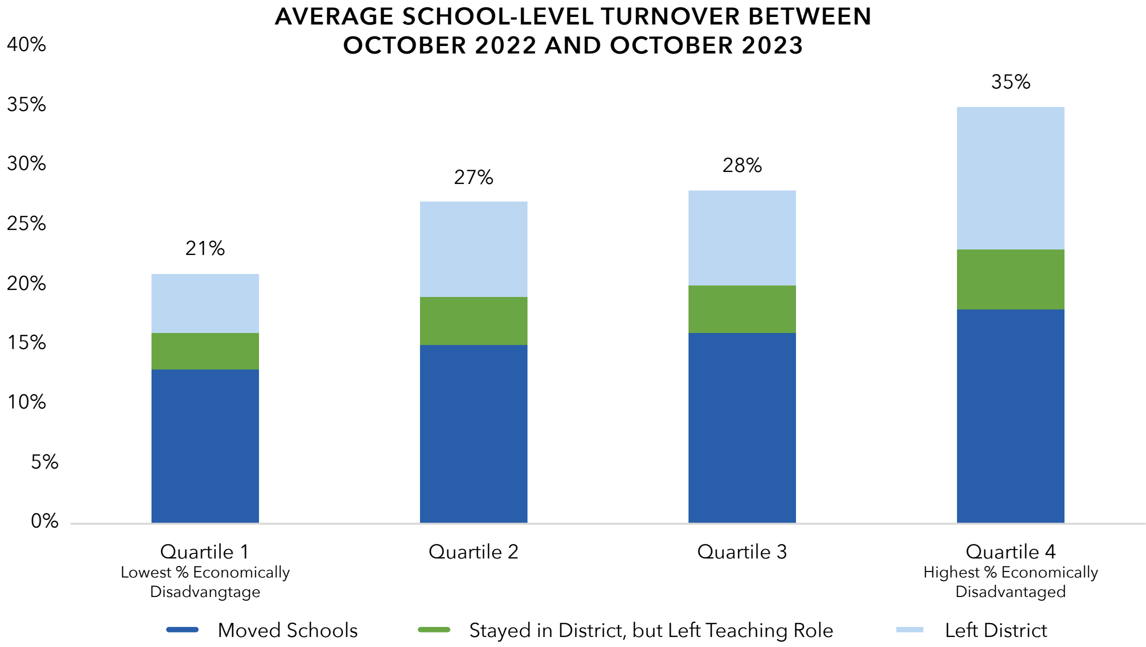
Strategies and Considerations

- **Identify the most critical retention risks.** Explore retention trends by teachers' years of experience to determine which early-career years pose the highest risk for your district. Then, invest more dollars in that area.
- **Evaluate competitive salaries.** Consider raising starting salaries that are misaligned with salaries from neighboring districts, but evaluate this strategy against the other described here. The more you invest in raising the starting salary, the less you'll have for retention efforts.
- **Supplement with other support structures.** Explore other ways of making the early-career teaching job attractive and supportive, such as shelter-and-develop models that reduce workloads for new teachers.

2 INCENTIVIZE TEACHERS TO TEACH IN HIGH-NEED SCHOOLS AND HARD-TO-STAFF SUBJECTS

Teacher turnover is highest in schools serving the greatest proportion of students experiencing poverty. One in three teachers leave high-poverty schools, compared to one in five from the lowest-poverty schools, according to our teacher turnover analysis. Many districts also struggle to attract and retain qualified teachers in specific areas, such as special education.

This means that students from low-income backgrounds and those with higher needs are often less likely than their peers to have access to high-quality learning experiences. The problem is compounded if teachers in high-poverty schools move to lower-need schools where they can make the same salary within a less-challenging role.



What Can District Leaders Do?

Research has shown that increasing pay for teachers in high-need schools and hard-to-staff areas can help district leaders better attract and retain effective teachers, leading to students' academic gains.

Through the **Talent Transfer Initiative**, teachers who were most effective in raising student achievement year after year were eligible for a $20,000 bonus distributed across two years if they moved to a school serving a higher proportion of economically disadvantaged students. The incentive successfully attracted high-performing teachers to fill targeted vacancies and improved teacher retention: 93% of teachers who received the bonus stayed in their positions, compared to 70% of teachers in the control group. The initiative also positively impacted student test scores and is estimated to save elementary schools about $13,000 per grade, compared to the cost of class-size reductions large enough to achieve a similar impact.

Similarly, **Hawai'i** started paying an additional $10,000 annually to special education teachers in 2020, which ultimately reduced vacancies in this critical area by 35%. Teachers in high-poverty schools receive an additional $8,000, for a total of $18,000. For a teacher with **five years of experience and a master's degree**, that adds up to a 33% pay increase.

Strategies and Considerations

- **Ensure payments are large enough to attract and retain effective teachers.** Incentives **as low as $5,000** have been shown to be effective at improving teacher retention in high-poverty schools, though meaningful amounts will vary from district to district. **Denver Public Schools**, for example, offered small ($2,500) bonuses to teachers at both high-poverty and high-achieving schools, which minimized the incentive to fill positions at high-poverty schools and ultimately proved ineffective. Consider your district's needs and listen to your teachers to determine the right amount.
- **Base eligibility for pay incentives on teacher effectiveness.** The goal should be to increase the quality of instruction in high-need schools and subjects—not just fill positions.
- **Establish recurring—rather than one-time—incentives.** The Talent Transfer Initiative successfully improved retention while it was in place. When payments stopped after two years, however, retention rates of high-performing teachers who transferred also dropped.
- **Identify and incentivize to fill subject areas with persistent vacancies.** Special education remains a critical shortage area in many districts and states, such as Hawai'i, but other areas might need attention depending on local labor markets.

3 CREATE WELL-COMPENSATED TEACHER LEADERSHIP PATHWAYS

Most districts offer teachers some form of leadership roles, such as grade-level chairs or first-year teacher mentors, which typically come with nominal stipends of about $1,500—a 2% increase for a mid-career teacher making $65,000. Other forms of career advancement typically require teachers to move farther away from students into instructional coach and school administrator roles.

What Can District Leaders Do?

Meaningful, instruction-focused leadership roles can extend the reach of highly effective teachers to more students, while increasing team satisfaction, teachers' sense of empowerment, and retention. These roles include responsibilities such as:

- Facilitating curriculum-focused team collaboration.
- Providing job-embedded, growth-oriented feedback to colleagues.
- Modeling instruction.
- Co-teaching with teachers on their team.

Public Impact's Opportunity Culture is one model that includes a Multi-Classroom Leader (MCL) role in which leaders fulfill all these responsibilities. MCLs have protected time to work intensively with a small teaching team, and they earn an extra 20% pay, on average. Students in Opportunity Culture classrooms **gain an extra half-year of learning** *each year*, and MCLs and the teachers on their teams express **strong satisfaction** with their roles. In fact, a 2023 survey found that 87% of teachers on MCL teams would like the Opportunity Culture initiative to continue in their schools.

Strategies and Considerations

- **Define high-impact teacher leadership roles.** When highly effective teachers take on leadership roles that require them to do more administrative work, they're not able to extend their knowledge and expertise to other educators and students. Strategic role definitions **enable teacher leaders to serve as instructional leaders** by, for example, facilitating collaborative planning and data reviews with their teams and engaging in regular cycles of classroom observations and growth-oriented feedback.
- **Identify effective teachers.** Use student performance data to move teachers with an established record of high-growth student learning into roles with increased responsibilities. DC Public Schools, for example, created the five-stage **Leadership Initiative for Teachers** career ladder to help identify high-performing teachers and give them opportunities to advance within the classroom. Teachers gained additional responsibilities, as well as increased recognition and compensation.
- **Invest time—not just money.** Giving teacher leaders sufficient time to take on observation, coaching, and collaborative planning responsibilities often requires schedule shifts. District leaders should consider investing in a restructured schedule to improve the efficacy of teacher leadership roles.

4 DECOUPLE TEACHER PAY FROM EARNING ADVANCED DEGREES

Most districts pay teachers more for earning advanced degrees: 96% of districts pay teachers with master's degrees more than those with just a bachelor's, with an average difference of $7,147 per year.[5] According to ERS analyses, this ends up being between 2-3% of the average district's overall budget.

Multiple studies have shown that, on average, teachers without an advanced degree are, on average, just as effective as teachers with one, however, so districts that use this model aren't receiving a strong return on their investment.

What Can District Leaders Do?

By shifting pay away from advanced degree attainment, district leaders can unlock resources that can make the above strategic investments more sustainable over time. For the same amount that a typical district invests in lane pay, for example, they could accelerate pay in the early stages of teachers' careers and create well-compensated teacher leadership pathways that extend the reach of the most effective teachers.

STRATEGY	% OF BUDGET
Accelerate pay for early career teachers.	1.0%
Pay a $5,000 annual incentive for effective teachers working in high-need schools. (Assuming 25% of teachers qualify.)	0.6%
Create teacher leadership pathways that extend the reach of the most effective teachers and enable them to earn 10% more. (Assuming 15% of teachers qualify.)	0.9%

Strategies and Considerations

- **Plan for a multiyear runway.** Districts that make the shift away from lane pay often choose to grandfather teachers who have already earned or are in the process of earning an advanced degree into the original pay scale.
- **Take educators' perspectives into consideration.** Higher pay for advanced degree-holders makes future salaries more predictable and gives some educators added security—especially in contexts where trust between educators and system leaders isn't strong. Leaders will need to demonstrate how resources that are freed up from lane pay investments will be reallocated *within* the teacher compensation system, not away from compensation entirely. Leaders can smooth the path to full implementation by enlisting educators who can advocate for and support the ramp up.
- **Seek startup funding.** Operating two compensation models concurrently may incur more short-term costs, which leaders can offset with short-term philanthropic funding.

5. To determine this number, we analyzed salary schedules for the 100 largest districts in the U.S., based on data from the National Council on Teacher Quality's teacher contract database.

Building Toward a More Rewarding and Sustainable Role

The "Do Now" actions described above can be the first steps in building toward a more comprehensive vision for a rewarding, collaborative, and sustainable teaching job that starts with teaming structures with differentiated educator roles.

Rather than fitting each educator into a one-size-fits-all role, district leaders can create teaching teams that deliberately include a variety of educator roles that leverage each person's skills and experiences and create opportunity for flexible advancement over a teaching career. Educators would have different levels of responsibility and accountability based on their individual strengths, expertise, and the breadth of role they're willing to take on.

TEACHING TEAMS IN ACTION

The Next Education Workforce model, for example, provides students with deeper and personalized learning led by teams of educators with distributed expertise. Teacher leaders who model excellent instruction work with larger groups of students, while paid teacher residents receive high-quality practice with support from their educator team. Team members share responsibility for a caseload of students, and they strategically vary group sizes at different parts of the day, enabling some students to receive individualized instruction and some educators to work with larger groups than a standard class size alongside teaching assistants and assistive technology.

By redesigning the mix and number of roles, districts can reduce their total teaching positions and distribute compensation spending across a range of roles with different, but competitive, salaries. If school leaders also incorporated a mix of lower-paid pre-service educator roles, they could significantly increase pay for effective teachers who take on increased responsibilities and create a supportive on-ramp for future teachers.

Addressing the Big Picture for an Improved Teaching Job

Persistent turnover and staffing shortages—especially in schools serving large populations of students of color and students from low-income backgrounds—limit students' access to consistently excellent teaching—the top school-based factor leading to positive academic outcomes and social-emotional development.

Students deserve a high-quality education, and teachers deserve a profession that provides them with the time, support, and compensation to meet their students' needs and achieve their own professional goals.

Higher salaries are critical, but they're not everything. In our turnover analysis, 12% of teachers in the highest-poverty schools moved to other schools in the district—despite their salaries remaining the same. Working outside the school day, total hours worked, availability of classroom support staff, flexibility in work schedule—these are the other top factors teachers cited in the **State of the American Teacher Survey** that are driving them to consider leaving the role entirely. To truly improve the sustainability and satisfaction of the role, district leaders need to rethink the structure of the job itself.

In addition to implementing strategic compensation models, leaders must also construct **expert-led teaching teams**; **create shelter-and-develop models** that provide meaningful supports to rookie teachers and reduce their workload; and create **schedules that enable sustainable workloads for teachers** and include substantial time for planning. The compensation moves described above can create a pathway toward this broader vision. Creating the conditions in which teachers and students can thrive requires swift, creative, and strategic action—and today's district leaders are well-positioned to act.