

NORTH CAROLINA GENERAL ASSEMBLY



JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR PAY (2016)

FINAL REPORT TO THE 2017 SESSION of the 2017 GENERAL ASSEMBLY OF NORTH CAROLINA

DECEMBER, 2016

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TRANSMITTAL LETTER

December 29, 2016

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TO THE MEMBERS OF THE 2017 REGULAR SESSION
OF THE 2017 GENERAL ASSEMBLY

The **JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR PAY (2016)**, respectfully submits the following report to the 2017 Regular Session of the 2017 General Assembly.

Sen. Jerry W. Tillman (Co-Chair)

Rep. Hugh Blackwell (Co-Chair)

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COMMITTEE PROCEEDINGS

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The Joint Legislative Study Committee on School-Based Administrator Pay met three times after the 2016 Short Session. The following is a brief summary of the Committee's proceedings. Detailed minutes and information from each Committee meeting are available in the Legislative Library.

October 24, 2016

The Joint Legislative Study Committee on School-Based Administrator Pay met on October 24, 2016, at 10:00 a.m. in Room 415 of the Legislative Office Building, 800 N. Salisbury Street, Raleigh, NC 27603. Co-Chair Tillman presided, and other committee members present were: Co-Chair Blackwell, Representative Jeffrey Elmore, and Senator Deanna Ballard. The Committee heard the following items:

Review of Current School-Based Administrator Pay

Ms. Alexis Schauss, Director of School Business, Department of Public Instruction, presented on the history and current structure of the school-based administrator salary schedule. Under the current schedule, assistant principals are paid by the State based on: years of experience; longevity; and previous salary as a teacher, if any. Principals are paid by the State based on: years of experience; the number of qualified persons employed at the school; longevity; the presence of any previously earned salary enhancements; and previous salary as a teacher, if any. As a result, there are currently over 1,500 possible steps on the salary schedule for 2,400 principal positions. Ms. Schauss's presentation and supporting documentation are available on the Committee website.

Review of School-Based Administrator Pay Proposal

Mr. Timothy Dale, Fiscal Analyst, Fiscal Research Division, presented the Committee's initial proposal to: (1) eliminate the current principal salary schedule and implement a dollar allotment, which would provide funding for superintendents to pay principals at a level negotiated between the two parties; (2) provide supplemental funding for smaller and/or lower wealth local education agencies to reduce the gap in local supplement pay; (3) provide bonuses for principals meeting certain criteria; and (4) keep the assistant principal salary schedule as is and ensure assistant principals receive a higher salary than teachers with similar years of experience. Mr. Dale's presentation and supporting documentation are available on the Committee website.

Panel and Committee Discussion

Dr. Stephen Gainey, Superintendent, Randolph County Schools, Dr. Beverly Emery, Superintendent, Winston-Salem/Forsyth County Schools, Dr. Frank Till, Jr., Superintendent, Cumberland County Schools, Dr. Pascal Mubenga, Superintendent, Franklin County Schools, Ms. Katherine Joyce, Executive Director, NC Association of

School Administrators, and Ms. Leanne Winner, Legislative Director, NC School Boards Association, participated in a discussion of the pay proposal put forward by the Committee.

Dr. Till supported a base salary schedule with a merit system based on growth and size.

Dr. Mubenga supported a position allotment like the current system with additional merit pay. He also supported supplemental funding for contracts in small, rural school districts.

Dr. Gainey supported a base salary schedule with a dollar allotment on top. He also recommended a recurring bonus that counts toward retirement.

Dr. Emery supported a base salary schedule with district-based input on supplements and performance.

Ms. Joyce supported a high base for all principals and assistant principals, with weighted incentives.

Ms. Winner supported a base salary with specific layers. She suggested an upfront recruiting bonus for principals in low-performing schools.

November 28, 2016

The Joint Legislative Study Committee on School-Based Administrator Pay met on November 28, 2016, at 10:00 a.m. in Room 415 of the Legislative Office Building, 800 N. Salisbury Street, Raleigh, NC 27603. Co-Chair Blackwell presided, and other committee members present were: Co-Chair Tillman and Sen. Chad Barefoot. Also attending were Rep. Ed Haynes, Rep. Craig Horn, and Sen.-Elect Rick Horner. The Committee heard the following items:

Best Practices from the Southern States

Mr. Andy Baxter, Vice President, Educator Effectiveness, Southern Regional Education Board, presented on studies of different approaches to principal compensation and performance incentives. One study showed a modest positive effect on performance when providing differentiated salary increases. Mr. Baxter stressed, however, that there is no best practice at this point. He also emphasized the importance of involving administrators in the design and implementation of a system of differentiated pay. Mr. Baxter's presentation and supporting documentation are available on the Committee website.

National Research and the Illinois Experience

Dr. Steve Tozer, Professor in Educational Policy Studies, University of Illinois at Chicago, reported on the significant improvement in student performance in the Chicago public school system following implementation of a new principal preparation and development program. Dr. Tozer emphasized the importance of strong leadership to school success. In order to support strong leadership, Dr. Tozer recommended, among other things, highly selective admissions for principal preparation programs and the use

of local resources to provide experiential learning akin to residencies or internships in other fields. Dr. Tozer also commented that compensation can serve as an incentive for principal recruitment. Mr. Tozer's presentation is available on the Committee website.

Perspectives from the Business Community

Ms. Brenda Berg, President and CEO, BEST NC, provided perspectives on school-based administrator pay from the business community. She emphasized the ultimate goal of improving student achievement. Ms. Berg asserted that school leaders, like principals, account for at least twenty-five percent (25%) of a school's impact on academic achievement. Ms. Berg explained that local salary supplements for principals vary significantly among districts and that the poorer of those are unable to keep pace. She recommended significantly increasing overall school-based administrator pay, linking administrator compensation to teacher salaries, incorporating performance measures into principal salaries, considering the demands of principals' assignments within a school and/or district for purposes of compensation, aligning compensation with other education priorities like third grade reading, and providing local flexibility as to compensation with statewide guardrails. Ms. Berg's presentation is available on the Committee website.

Response to and Discussion of Co-Chairs' Pay Proposal – Continued

Mr. A.L. "Buddy" Collins, Member of the State Board of Education, pointed to the need for adequate school-based administrator base pay. Citing the need for teachers who are adequately paid, highly qualified, and highly motivated, Mr. Collins recommended (1) funding for principal and assistant principal training in certain areas, *e.g.*, digital learning, education as a second language, and community engagement, among others, as well as (2) providing a nonrecurring increase in pay for school-based administrators that gain specialized experience or knowledge.

Ms. Shirley Prince, Executive Director of the North Carolina Principals and Assistant Principals' Association, emphasized the connection between principal compensation and the principal pipeline. She recommended aligning school-based administrator pay with compensation for teachers in order to create a "connected career pathway," combining school-based administrator pay with differentiated pay based on performance, leadership roles, and situational characteristics, as well as quick action on the part of the General Assembly.

December 29, 2016

The Joint Legislative Study Committee on School-Based Administrator Pay met on December 29, 2016, at 11:00 a.m. in Room 415 of the Legislative Office Building, 800 N. Salisbury Street, Raleigh, NC 27603. The Committee engaged in discussion about the final report and voted to adopt the report, with authorization to staff to make technical changes and add the proceedings of the current meeting.

FINDINGS AND RECOMMENDATIONS

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The Joint Legislative Study Committee on School-Based Administrator Pay (2016) makes the following findings and recommendations:

Findings:

Strong principals and assistant principals are necessary for student success. In order to ensure that the State of North Carolina continues to attract and retain the best principals and assistant principals, it is important to provide a common-sense, straightforward system of pay that is competitive with other states and that rewards and incentivizes exceptional school leadership. The current system of pay for principals does not fulfill this purpose. The salary schedule used to implement this pay for principals is unwieldy and difficult to understand. There are over 1,500 possible pay steps for only 2,400 positions.

Recommendations:

In order to ensure the continued success of North Carolina's schools and school-based administrators, the Committee recommends: (1) replacing the current principal pay schedule with a dollar allotment, which would be sufficient to increase principals' salaries by at least three percent (3%), or linking principal pay to the teacher salary schedule at the master's level plus a certain percentage; (2) providing bonuses to principals in low-wealth and low-performing schools who achieve success in certain categories; (3) moving all assistant principals to the teacher's salary schedule at the base level of those receiving the master's supplement, plus a certain percentage; and (4) adopting a multi-year plan to raise school-based administrator pay significantly as soon as practicable, as follows:

I. Replace the current principal pay schedule with one of the following alternatives:

1. Provide sufficient funds to increase each principal's pay at least three percent (3%). These funds would be distributed to local school administrative units (LEAs) through a dollar allotment replacing the existing salary schedule.

The following guiding principles would apply:

- (a) The dollar allotment would be based on the statewide average principal salary supported from State funds. The statewide average

principal salary would be calculated to include the three percent (3%) increase.

- (b) LEAs with principals paid below the statewide average would be provided sufficient funds to pay all the principals within the LEA at the statewide average; however, LEAs would not be required to pay at the statewide average and could differentiate pay based on criteria developed by the LEA.
- (c) LEAs with principals paid above the statewide average would be provided sufficient funds to maintain their principals' salaries plus three percent (3%) during the hold harmless period. The LEA would be held harmless for four years until the end of fiscal year 2020-21.
- (d) The revised statewide average salary would also set the allotted salary for the *allotment formula* moving forward.
- (e) Any recurring salary supplements currently incorporated as part of a principal's salary will no longer be separately provided (*e.g.*, advanced/doctoral supplements, bonuses awarded pursuant to the ABCs of Public Education Program or for maintaining a safe and orderly school). These supplements are incorporated into the statewide average salary.

- 2. Link principal pay to teacher salary schedule at the master's level plus a percentage to be determined.

II. Provide for bonuses to principals in low-wealth LEAs who achieve a certain level of results across various categories. Principals in low-performing schools in the remaining school districts would also be eligible for the bonuses.

- 1. The following guiding principles apply:
 - (a) Bonuses should not be awarded across-the-board, but rather on one or more of the criteria listed below.
 - (b) Bonuses come with a reporting requirement on how LEAs distributed bonuses to principals including summary information pertaining to the factors each LEA used to distribute principal bonuses.
 - (c) Funds not used for bonuses could be retained for professional development for principals from a training that has been approved and recommended by the Department of Public Instruction.
- 2. The Committee suggests that the incentive bonuses could be based on the following criteria:
 - (a) Improving School Performance.
 - (b) Demonstrating Strong Leadership.

- (c) Creating a Positive Community Impression.
- (d) Improving the Physical School Environment.
- (e) Improving the Learning Environment (Discipline).
- (f) Preparing students for careers and colleges.
- (g) School's performance on EOG Tests, especially in reading.
- (h) Teacher retention rates within a school.

3. Superintendents would also be able to use incentive bonuses in eligible LEAs and schools as follows:

- (a) Signing bonuses for principals newly hired to a school.
- (b) Retention bonuses for high performing principals.

III. Eliminate assistant principal (AP) pay schedule and move APs to the teachers' salary schedule at the master's level plus a percentage to be determined.

1. The following guiding principles apply:

- (a) Teachers with National Board for Professional Teaching Standards (NBPTS) certification who become APs would be allowed to retain twelve percent (12%) differential, based on the teacher's A salary schedule, provided they maintain their certification.
- (b) APs who earn NBPTS certification after becoming an AP would not be compensated for that certification.

IV. Regardless of the specifics of any school-based administrator compensation plan adopted by the General Assembly, the General Assembly should consider a multi-year plan to raise school-based administrator pay significantly to ensure that North Carolina is competitive in attracting the talent it needs. This should occur as soon as may be appropriate in light of other budget pressures and depending on future state revenues.

The Committee supports the drafting of legislation necessary to effectuate these recommendations.

COMMITTEE MEMBERSHIP

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2016

President Pro Tempore of the Senate
Appointments:

Sen. Jerry W. Tillman (Co-Chair)
Sen. Deanna Ballard
Sen. Chad Barefoot

Speaker of the House of Representatives
Appointments:

Rep. Hugh Blackwell (Co-Chair)
Rep. Rob Bryan
Rep. Jeffrey Elmore

COMMITTEE CHARGE

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House Bill 1030, Session Law 2016-94, Pages 40–41

Part IX: COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR PAY

SECTION 9.4.(a) There is established the Joint Legislative Study Committee on School-Based Administrator Pay (Committee). The Committee shall consist of three members of the Senate appointed by the President Pro Tempore of the Senate and three members of the House of Representatives appointed by the Speaker of the House of Representatives. The President Pro Tempore and the Speaker of the House of Representatives shall each appoint a cochair of the Committee from among its membership. The Committee and the terms of the members shall expire when the Committee submits a final report to the General Assembly. Members shall serve at the pleasure of the appointing officer.

SECTION 9.4.(b) The Committee shall study and make recommendations on the following:

- (1) The feasibility of revising the school-based administrator salary schedule, including principal and assistant principal pay, and whether revisions are needed.
- (2) The process of recruiting and retaining principals in North Carolina as compared with the process of recruiting and retaining executives in other professions.
- (3) Strategies for recruiting and retaining the most qualified principals in low-performing and hard-to-staff schools.
- (4) Any other issue the Committee considers relevant to this study.

SECTION 9.4.(c) The Committee shall meet upon the call of its cochairs. A quorum of the Committee is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of the General Statutes. The Committee may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee shall be considered expenses incurred for the joint operation of the General Assembly.

SECTION 9.4.(d) The Legislative Services Officer shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support staff to the Committee.

SECTION 9.4.(e) The Committee shall submit a final report on the results of its study, including any proposed legislation, to the members of the Senate and the House of Representatives on or before December 31, 2016, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the

Legislative Library. The Committee shall terminate on December 31, 2016, or upon the filing of its final report, whichever occurs first.

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