



## TEACHER SALARIES: ALTERNATIVE APPROACHES

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Currently, there is more focus than ever on teacher pay and the method of determining salaries. While public attention to teacher pay has increased, the discussion on how teachers are paid is not new. Indeed, the question of how to determine the appropriate salaries for teachers has been a discussion for many years, with varying opinions and studies having been generated regarding the impact of teacher pay on student achievement.

At present, the almost exclusive way teachers' salaries are determined in New Jersey is through the salary guide approach. However, there is no legal requirement for the continuation of the salary guide model. In fact, it has been the long held position of the NJSBA that boards of education must look at all possible methods to determine teacher compensation. Specifically, NJSBA Position and Policy 4140, which was originally enacted in 1972 and last amended in 2006, states as follows regarding teacher compensation:

- A. The NJSBA believes that a district's method of compensating employees should be based on a salary structure that has a rational basis which reflects the goals and objectives of the school system.
- B. The NJSBA believes that boards should carefully review and analyze their existing compensation plans to determine whether their salary guides reflect their districts' compensation and personnel goals and consider new compensation models including, among other factors, differentiated staffing models, relative workload, degrees of responsibilities and performance as methods of determining compensation.

That said, there is a widely held misconception in public education, on both the management and union side, that the law does not permit a change from the current methodology of teacher payment. However, the law provides very few requirements regarding teachers' compensation.<sup>1</sup> There are only two legal requirements regarding teacher pay: (1) a full-time teacher not be paid less than \$18,500 per annum; and (2) the prohibition against the reduction of a tenured teachers' salary. Despite what you may have heard, the law does not require an annual

increase, step advancement, or additional pay for higher educational degrees.

Indeed, all aspects of teacher compensation, including the amount and how the amount is arrived at, are negotiable. The board and the teachers' union have to mutually agree to the salary policy. A board wishing a different methodology in determining compensation is free to propose same during negotiations.

What has generated this increased focus on the methodology of teacher pay? The answer is a combination of economics, personnel decisions, and educational goals. Salaries not only affect the district's financial resources, but also the district's personnel resources and its ability to provide the best possible education to its students. Thus, the public has become increasingly concerned with how teacher pay is determined.

Although a district may be happy with its current teacher compensation model, a thorough knowledge of other approaches will ensure that the district has all the tools it needs to meet its staffing and educational goals. To that end, consider the following approaches for teacher compensation.

**Salary Guides** – As indicated above, this is the almost exclusive methodology used in New Jersey for determining a teacher's salary. Historically, the salary guide approach advances teachers one step on the guide each year until maximum is reached. Guides typically link increases only to length of service and educational attainment of teachers.

While the salary guide is the most prevalent method, and is easy to understand, there are some definite disadvantages and concerns with this method. A few of these potential disadvantages include the creation of balloons (extremely large increments) or other aberrations, inequitable distribution of increases among teachers, and restrictions on salaries of new hires. (When the parties have a salary guide, new employees must be placed at some existing rate on that guide.) Furthermore, the salary guide method imbeds an expectation of an incremental step increase each year.

**Salary Ranges** – While currently non-existent in determining teacher compensation, the salary range approach is one which could be of great benefit. In fact, this approach to compensation is much more common and accepted in the area of administrator and support staff salaries. With a salary range, there is a minimum and a maximum salary,

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<sup>1</sup> New Jersey's law regarding how a teacher is compensated is found at *N.J.S.A. 18A:29-1, et seq.*

with nobody being paid below the minimum or above the maximum. Staff receive increases and move through the range until they reached maximum. Thereafter, staff at maximum would receive more modest increases (i.e., their salary would only increase by the amount that the range increases). Generally, the minimum and maximum would increase each year by some amount that would be smaller than the settlement. For example, if the parties agree to an overall increase of 2.0%, it could be agreed that the minimum and maximums only increase by 0.5% or 1.0%.

With this approach, like with a salary guide, staff still reach maximum and then their salary increases level off. There are no interim steps between minimum and maximum and, therefore, no expectation for a certain increment or salary rate in the coming year. There is also no possibility of balloons. With this approach, boards retain flexibility to determine the salary rate for new hires (as long as it is between the minimum and maximum), and the percentage increase for each employee within the range.

**Merit Pay** – Without question, merit pay is one of the most widely discussed issues whenever the topic is improving public education. In fact, merit pay was an issue in the 2009 New Jersey Gubernatorial election and the 2008 Presidential election. It is interesting to note that according to a January 21, 2010, Quinnipiac University poll, two-thirds of all New Jersey voters favor merit pay for educators.

That being said, it cannot be overlooked that in New Jersey “merit pay” has mostly been discussed in a theoretical sense, leaving what is meant by “merit pay” to be more fully fleshed out. This is because merit pay takes on various meanings and forms. It includes such things as pay for performance; value added assessment, career ladders, and bonus pay. In general, merit pay (and the possible variations) are numerous, and require a more thorough examination. Brief explanations of several approaches are as follows:

- **Two Lane Salary Plan** - In this plan, a “merit lane” is added to the traditional salary schedule to recognize outstanding performance. It would start somewhere above step one to give the administrators or evaluation committee an opportunity to observe a teacher’s performance over a period of time. If a teacher did not exhibit meritorious performance in a given year, he or she would still move up a step but would return to the regular salary lane.
- **Bonus Awards** - Rather than tie the merit increase to the salary guide, this performance-based plan would provide a separate off-guide bonus payment to teachers exhibiting meritorious performance. The bonus is not included in the “base” pay and is therefore not pensionable nor does it have to be paid in subsequent years.
- **Bonuses** - Another device that could be employed to address specific board goals is the bonus. Bonuses could be paid over and above the regular salary guide to certain categories of teachers. Boards may find this approach attractive because it provides a greater degree of flexibility in addressing a number of objectives.

Bonuses may not only assist districts in recruiting and retaining certain categories of teachers such as math, science, and special education, but may also be used to encourage teachers to teach in adverse working conditions or to improve their attendance.

Newark’s current (and much publicized) agreement has incorporated several of the aforementioned approaches. In that agreement, the newly hired teachers and teachers on the BA column have been placed on a “new” salary guide that contains possible bonus payments for certain areas of teaching, for teaching in certain of the district’s schools and for the highest evaluative ratings. Teachers with advanced column placement at the time of the agreement were given the option of staying on the traditional guide (with no opportunity for the bonuses) or of moving to the “new” guide. All future hires will be placed on the “new” guide. There will be one time payments when advanced degrees are acquired for those on the new guide. Teachers who are rated as highly effective, who work in one of the city’s lowest-performing schools and who teach a hard-to-staff subject could earn as much as \$12,500 per year in incentive pay. Teachers also have a say in the review process (Peer Validators).

- Teachers who receive effective or highly effective annual summative evaluation ratings will be entitled to move up one step on the salary scale.  
Teachers who receive an ineffective annual summative evaluation rating will stay on their current salary step. These educators may request a Peer Validator.
- Teachers who receive a partially effective annual summative evaluation rating may remain on their current salary step. The decision about whether or not they will remain on their step is at the sole discretion of the Superintendent who will consult with Peer Validators.
- Teachers who receive a partially effective annual summative evaluation rating and are rated effective or highly effective in the following year’s annual summative evaluation rating shall be entitled to a one-time stipend worth 50% of the difference.

**Summary** – A board must carefully review its methodology for teacher compensation and determine if it is assisting and enabling the board to deliver the highest quality education to its students. If the existing practice is not meeting the district’s needs, or is in some way limiting the board from achieving its ultimate goal, the proper course of action is to negotiate a change.

While the above listed methodologies are not all inclusive, they are an overview of the concepts. Keep in mind that in today’s difficult economic environment, with limited dollars and greater demands (both financially and educationally), boards must strive to obtain the greatest benefit from each dollar spent, and this includes salaries. The only limitations are the very minor restrictions imposed by law, leaving it to the board to negotiate the way salaries are determined. Remember -Everything regarding salaries is negotiable!