

POLICY ISSUE BRIEF: PROFESSIONAL COMPENSATION FOR PRINCIPALS

Issue at a Glance

A report commissioned by the Wallace Foundation in 2021 found that the impact of an effective principal on student achievement is nearly equivalent to the impact of an equally effective teacher. Put differently, replacing a below-average principal with an above-average principal can improve learning outcomes equivalent to an additional 2.9 months of math instruction and 2.7 months of reading instruction. The Wallace Foundation has also determined that effective principals are “leaders of learning” with five key responsibilities within their schools:

- Shaping a vision of academic success for all students;
- Creating a climate hospitable to education;
- Cultivating leadership in others;
- Improving instruction;
- Managing people, data, and processes.

The role of the principal is vast, and their importance to student achievement is so great that compensation for the role must accurately reflect their intense job requirements and be sufficient to attract the most qualified candidates. Principals are in effect the CEO of a large operation, and their compensation must reflect that.

In recent years, efforts to improve educator quality and to attract the most effective teachers and principals to high-need schools have caused policymakers at the federal, state, and local levels to promote pay-for-performance plans. While some of these proposals offer higher compensation or other financial incentives for educators to work in the neediest schools, others reward high-level performance focused on improved student achievement and other identified criteria.

National Principals Association shares the position of many educators who are concerned that pay-for-performance plans will consider only high-stakes tests and disregard other important school and student performance factors. Comprehensive compensation systems that take into account this concern, the complexities of the education profession, and the principal's multifaceted job expectations could provide greater incentives for educators to focus on the instructional aspects of their daily work and have the added benefit of enhancing the recruitment and retention of talented professionals who are successful in doing so.

Studies of performance-based compensation systems for school principals have found that programs did not result in a statistically significant increase in principal performance ratings. Despite the lack of research to support such programs, a number of local and national initiatives are providing impetus for

principal pay-for performance plans. As a result of this type of support from Congress, state legislatures, and philanthropic organizations, a steadily increasing number of principals will be affected by compensation systems that offer additional compensation based on student achievement, professional knowledge and skills, and service in high-poverty and other hard-to-staff schools.

National Principals Association Position

- All principals should receive a salary and benefit package commensurate with that of administrators in other like professions.
- Principals are responsible for all administrative and leadership functions, especially those related to teaching and learning, and are perceived by school and community stakeholders to be responsible for their students' academic growth.
- National Principals Association believes that quantitative and qualitative data should inform decisions at the classroom, school building, and district levels. Data should therefore inform the evaluation of principals' effectiveness.
- National Principals Association recommends that principal performance be based on multiple measures that are objective, consider the context in which a principal operates the school, and are not limited to student performance indicators.
- National Principals Association believes that the success of any incentive pay system depends partially on the local district clearly communicating the purpose of its system to principals, other educators, parents, and community members and actively seeking their input.

Recommendations for Federal and State Policymakers and District Leaders

- States and districts should examine their guidelines for compensation for principals and assistant principals and revise their pay structures to ensure that principals are adequately paid commensurate with their critical leadership role.
 - In many states, there are pay systems in place that make it more attractive for educators to stay in the teaching profession and can dissuade them from aspiring toward assistant principal and principal roles instead. States and districts should revise these systems to ensure that pay is greater for school leaders and attractive enough to encourage candidates to pursue the profession.
- States and districts should ensure that principals are eligible to earn additional compensation in a variety of ways that are strategically aligned to state, district, and school goals.
- In addition to monetary incentives, states and districts should offer good working conditions, new equipment, lower class sizes, preferential hiring and staffing to recruit highly effective principals to high-need schools.

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- Principals should receive additional compensation for serving and maintaining success in high-poverty, urban, rural, and other hard-to-staff schools and for taking on other leadership responsibilities within the district such as mentoring new principals or assistant principals.
- Congress should provide adequate funding for states to help districts implement sustainable compensation systems for principals with a variety of financial incentives, including tax credits, housing assistance, and loan forgiveness.
- States, not the federal government, should develop the infrastructure for performance-based compensation systems and offer guidelines and financial incentives for the optional participation of local school districts.
- States and districts should collaborate to develop performance-based compensation systems for principals in conjunction with similar systems for teachers. These systems should reward high-level performance of groups of educators, creating incentives for schools and their leaders to improve their performance, and/or providing recruitment and retention incentives.
- States and districts should collaborate with principals, superintendents, professional associations, and unions (where applicable) in developing and implementing performance-based compensation systems for principals.
- Performance-based compensation systems should be developed and implemented as one component of the district school improvement plan and be linked to policies for recruiting and retaining highly effective principals.
- Principals should not be required to participate in performance-based compensation systems, but should have the opportunity to opt in.
- Performance awards for principals should be enough to encourage participation in the compensation system. Some research suggests that the bonus should be no less than 5% of the total compensation and possibly significantly more in high-need schools.
- School districts should assist individual principals in developing individual professional growth plans that include goals and objectives focused on building the principal's capacity to lead the school to higher levels of success; thus helping to ensure the principal's eligibility for performance awards.
- States and districts should ensure that principals' eligibility to earn additional compensation is based on a variety of measures that are aligned to state, district, and school goals rather than a single measure of student achievement.
- School districts should examine quantitative and qualitative data pertaining to both academic and nonacademic indicators in their evaluation of principals.
- National Principals Association recommends the following measurements, in addition to student indicators, for assessing principal performance:
 - Self-assessments;
 - Supervisor site visits;
 - School documentation of classroom observations, faculty agendas, and the like;
 - School climate surveys;
 - Teacher, staff member, parent, and student evaluations;

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- Teacher retention and transfer rates;
- Student engagement with and rates of participation in co-curricular and extracurricular activities;
- Stakeholder involvement in school activities, clubs, or functions.
- In measuring a principal's performance based on student indicators, states should use multiple measures that are aligned with state standards of college and career readiness, include performance-based measures, and measure individual student growth from year to year. National Principals Association suggests the use of such assessments as:
 - State assessments;
 - Portfolios, performance tasks, and other examples of a student's accomplishments;
 - Classroom-based assessments;
 - Interviews, questionnaires, and conferences;
 - End-of-course exams;
 - Comprehensive personal, academic, and graduation plans;
 - Assessments aligned with high school and college entrance requirements (ACT, PSAT, SAT);
 - Project-based learning assignments;
 - Attendance rates;
 - Discipline referrals;
 - Graduation rates;
 - Action research projects.
- School districts should regularly evaluate performance-based compensation systems to assess their impact on increasing student achievement and recruiting and retaining highly effective principals. The Department of Education should collaborate with researchers and serve as a clearinghouse to identify best practices for performance-based compensation systems.