

## Transforming Principal Pay Frequently Asked Questions

In 2017, North Carolina invested \$35.4M in much-needed pay increases for principals through an updated, student-focused state salary schedule and bonus opportunities. The new salary schedule is a significant departure from the way principals have historically been paid, raising expected and important questions about design and implementation.

The following FAQs are intended to illuminate some of the thinking behind North Carolina’s new pay system, and address common concerns and misconceptions. For more detailed information about district and school implementation, please see the [NC Department of Public Instruction’s FAQs](#).

### **Why did North Carolina transform the state salary schedule for school principals?**

- Overall, principal pay in North Carolina has been far too low, with average state funding of \$64,416 and local supplements averaging \$13,616. This combined average of \$78,032 put NC principals near the bottom nationally and last among Southeastern states.
- North Carolina’s prior salary schedule was based solely on principals’ years of service, level of education, and the number of teachers in the school they led – factors largely disconnected from their success or their contributions to students’ growth. Under the old system, a less-experienced principal in a similarly-sized school would always earn less, regardless of his or her effectiveness.
- Under the old schedule, principals’ greatest opportunity for a significant raise was to move from school to school, most commonly moving from elementary, to middle, to high schools by way of “promotion,” even if they were most successful in an elementary or middle school setting. This contributed to a school-to-school turnover rate in NC among the highest in the country.

### **How much was principal pay increased for 2017-18 and 2018-19? How will it affect our ranking?**

North Carolina invested \$35.4M in a single year to raise principal pay by approximately 10% (including base pay increases and bonuses). The legislature has proposed an additional \$5.2M in 2018-19. We can expect these investments to move North Carolina’s ranking from last in the Southeast to the middle of the pack in average principal pay.

### **Will all North Carolina principals see a pay increase?**

North Carolina principals will see an average pay increase of approximately 10% in 2017. The raises that individual principals receive will vary based on their current salary, years of experience, and contributions to student growth. Based on our calculations, approximately 8 percent of principals will be “held harmless” under the new schedule, meaning they will not see a base salary increase this year (though they can earn up to \$15,000 more through bonuses – see chart below).

Many principals will see raises between \$10,000 and \$20,000 this year.

*Years of experience required for a principal to be held harmless (accounting for longevity):*

ADM	Base	Met Growth	Exceeded Growth
0-400	25+ yrs	29+ yrs	35+ yrs
401-700	25+ yrs	31+ yrs	35+ yrs
701-1,000	25+ yrs	31+ yrs	36+ yrs
1,001-1,300	26+ yrs	31+ yrs	36+ yrs
1,301	28+ yrs	33+ yrs	37+ yrs

## How is the new principal pay schedule different?

NC's previous statewide principal pay schedule was based on a principal's years of experience, level of education, and the number of teachers in the school they led. Here is a snapshot:

The state Legislature convened a [Study Committee on School-Based Administrator Pay](#) in 2016, which took testimony from experts, practitioners and advocates across the state about North Carolina's principal pay system. The Committee summarized the previous system as follows:

“...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” (emphasis added).

The state's \$35.4M investment in principal salaries will begin to make NC's principal pay competitive with other states. The new salary schedule is designed to reward and incentivize exceptional school leadership, with a focus on student outcomes.

The updated salary schedule is based on the size of the school and performance of the principal (as measured by students' academic growth), plus targeted bonus opportunities for outstanding performance and service in struggling schools.

### PRINCIPAL SALARY SCHEDULE

**SECTION 8.3.(a)** The following annual salary schedule for principals shall apply for the 2017-2018 fiscal year, beginning July 1, 2017.

#### 2017-2018 Principal Annual Salary Schedule

Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-400	\$61,751	\$67,926	\$74,101
401-700	\$64,839	\$71,322	\$77,806
701-1,000	\$67,926	\$74,719	\$81,511
1,001-1,300	\$71,014	\$78,115	\$85,216
1,301+	\$74,101	\$81,511	\$88,921.

A principal's placement in the "base," "met growth" or "exceeded growth" columns is determined based on the performance of the schools that the principal has supervised in the last 3 years (for the 2017-18 school year, this will include growth status determinations from 2014-15, 2015-16 and 2016-17).

### **What about bonus opportunities?**

In addition to raises to principals' base salary, in 2017 North Carolina created stackable bonus opportunities for principals' (1) contributions to student growth and (2) success in struggling schools. The first provides up to \$5,000 for principals who rank among the top in the state for contributions to student growth.

The second bonus opportunity specifically rewards principals who serve in struggling schools, awarding \$5,000 to principals who exceed growth in a school that previously only met or did not meet growth; and up to \$10,000 to principals who exceed growth in a D or F school.

More detailed bonus eligibility can be found in §8.4(a) and (b) of the [2017 Appropriations Act](#), pp 94-5.

### **If a principal is exceeding growth in her current school and transfers to a low-growth school, won't she take a pay cut?**

No. Principals' growth determination is portable, based on their work in schools they have previously led. In other words, if a principal exceeded growth two of the prior three years – even at a different school – she will receive the highest tier of pay for that size school.

### **How is pay determined for principals who have worked for fewer than two years?**

Principals will be placed in the "base" column if they have fewer than two years of experience supervising a North Carolina public school.

### **What about principals whose schools don't have a growth status?**

Some schools, such as alternative schools, may not have a growth status. Principals who have led these schools for at least 2 years will be placed in the "met" column.

### **Doesn't the new principal pay plan provide more incentive to lead high-performing schools?**

The updated salary schedule incentivizes principals to lead where they are or can be most effective. It is absolutely possible to meet or exceed growth in a D or F school. Growth determinations are not based on raw achievement in a school, but on students' *progress* over time.

That said, turning around a persistently struggling school – one that has repeatedly not met growth – is arguably more difficult than maintaining growth at a high-growth school. North Carolina's old salary schedule made no accommodation for this challenge, paying principals based on experience and school size regardless of the difficulty of the job or demand for the position.

The updated salary schedule begins to address this disparity through bonuses, which specifically reward principals who exceed growth in a school that has not previously. This is a first step to ensure that every school, regardless of performance or student population, is led by an outstanding principal.

### **What about principals who serve in high-performing schools? Isn't it harder to exceed growth?**

It is not only possible, but quite common for schools with high proficiency rates to meet or exceed growth. Under North Carolina's student growth model, state assessments have sufficient "stretch" to measure students' progress equally, whether they are well below grade level or well above it.

### **Is it possible for a principal to earn more as an Assistant Principal than on the new principal schedule?**

It is possible for a principal – particularly a veteran school leader not meeting growth, or meeting growth in a small school – to earn more on the AP schedule than the updated principal schedule (see below). North Carolina made a significant investment in Assistant Principal salaries in 2017 – averaging a 13% raise – which contributes to the overlap. Providing additional raises for principals in 2018 will help to remedy the situation.

*Years of combined experience required for a principal to potentially earn a higher monthly salary than an AP:*

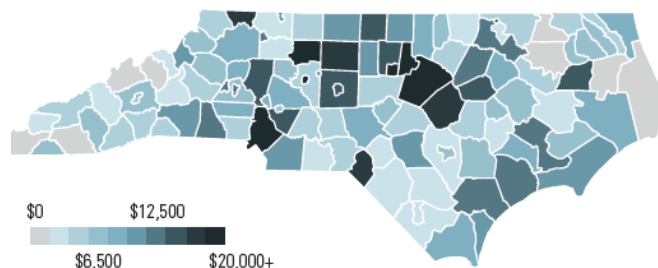
ADM	Base	Met Growth	Exceeded Growth
0-400	15+ yrs	21+ yrs	n/a
401-700	16+ yrs	25+ yrs	n/a
701-1,000	21+ yrs	n/a	n/a
1,001-1,300	25+ yrs	n/a	n/a
1,301	n/a	n/a	n/a

### What will happen to local supplements?

Most local school districts in North Carolina supplement the state’s base salary for principals. The updated state schedule does not mandate any changes to the level or structure of local supplements.

North Carolina’s average local supplement is \$13,616, with significant variation from district to district, and even among principals within the same district. You can see district-level supplements below, with [interactive data here](#).

**Average Local Salary Supplement for K-12 Principals by School District (2015-16)**



### Is it possible that a principal will not see the entire state increase in their paycheck?

It is possible for a principal to not see the full increase if a district reduces its local supplement. While the legislation creating the new salary schedule states an intent that state funds “supplement, not supplant” local investments in principal salaries, the state does not have any authority over local supplements. It will be important for principals to understand their state earnings under the new plan, and for local districts to maintain their level of investment as much as possible in school leadership.

### What happens if principals transfer across school districts?

Principals will earn the same base salary regardless of the district in which they work, just as they did under the old salary schedule. Any pay changes that principals experience as a result of a district-to-district transfer would be as a result of (1) changes in the size of the school they lead; and/or (2) changes in the local principal salary supplement.

### What flexibility do districts have over principal salaries under the new plan?

North Carolina’s updated salary schedule does not provide flexible state funding for districts to address unique needs in their district; nor did the previous salary schedule. Districts retain full flexibility over their local funds, however – just as they did under the previous schedule – to recruit, reward and retain principals in schools where they are most needed and/or most effective.

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North Carolina’s investment in this new principal salary schedule is a significant change. As with any shift of this magnitude, adjustment will be challenging and require active problem solving. As a leading advocate for investments in school leadership since our founding, BEST NC is committed to refining the current model and building upon it in future years to better support principals, with a focus on equity and success for every North Carolina student.