Introduction

All employers, including school districts, enter into a Value Proposition with their employees—the complete set of offerings and experiences provided by the employer, compared to other similar opportunities. A successful Value Proposition reflects the needs of both employer and employee, not only attracting and retaining employees with the right skills and knowledge, but giving employees the rewards and working conditions that motivate and engage them at the level and quality desired by the employer.

Because teaching effectiveness is the single most important in-school factor for improving student achievement, rethinking the Value Proposition and how it gets communicated is one of the crucial levers available for school districts to increase their student achievement through improved attraction and retention of excellent teachers. What employers offer in any Value Proposition is broader than salary and benefits, and includes professional growth and career opportunities, work-life balance structures, and recognition. It also encompasses working conditions—things like quality of leadership, opportunity for teamwork, student motivation and discipline, and demands and structure of the job. To date, many districts have thought too narrowly about their Value Proposition, if at all. When defining Value Proposition, districts have relied heavily on the intrinsic value of the teaching mission, rarely looking beyond salary and benefits. Even with these, they have failed to communicate the totality of what is offered, particularly with respect to benefits—health, retirement, and fringe. Improving communication of the Value Proposition will improve the pool of applicants, and employers must also successfully discern and select the most effective applicants to gain value from the larger pool.

This brief gives districts a roadmap for re-envisioning and rebuilding their Value Proposition. It requires a dramatic change in perspective, and deliberate shifts in investments to better meet district needs while also considering teacher preferences.
1. **Flip** the Value

The place to begin is at the end. Constructing a teacher Value Proposition—“What do I need to give in order to get the right people for achieving my objectives?”—requires district leaders to begin at the end point, with a clear definition of who those right people are. Most districts have constructed their Value Proposition the opposite way, stating what they will give without defining clearly what they want in return. This has resulted in a teacher-compensation and job structure that doesn’t reliably produce the teachers we need.

2. **Expand and Assess**

School districts must avoid narrowly defining the teacher Value Proposition as simply salary and benefits, for two reasons. First, a successful Value Proposition must balance employer and employee interests. While compensation is important, we know from surveys that working conditions are critical to teacher job satisfaction, and thus retention. Second, a narrow definition of the Value Proposition makes it difficult for districts to compete with the private sector for highly qualified candidates, making districts appear to have less to offer.

Districts rarely consider the concept of working conditions as a component of how they invest in their teaching Value Proposition. Evidence suggests that supportive principals, collaborative working conditions, and professional empowerment are particularly important for high-performing candidates and teachers. The most recent MetLife Survey of the American Teacher, which reported teacher satisfaction to be at the lowest level in the 20-year survey history, found higher job satisfaction among teachers who felt their jobs were secure, were valued by the community, and offered opportunities for collaboration and teaming where work is shared.5

Since districts compete with the private sector for the same talent, communicating the entire Value Proposition is essential. In particular, districts often under-communicate the value of pensions and benefits, though these frequently put districts at a competitive advantage relative to private-sector employers. But even with a completely restructured teacher-compensation system, competition with the private sector on salaries and benefits alone may
Analyzing the entire Value Proposition allows districts to emphasize (and adjust, if appropriate) those pieces that may lack high monetary value but yield great satisfaction in terms of mission, work-life balance, or individual growth.

The potential components of the teaching profession’s Value Proposition are detailed in Figure 1. The Value Proposition has five basic elements: (1) Direct Pay, (2) Benefits, (3) Recognition, (4) Development and Career Opportunities, and (5) Working Conditions (work/life balance).

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<tr>
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<tbody>
<tr>
<td>Salary (Min, Max, Potential/Expected Trajectory, COLA)</td>
<td>Health and Welfare • Medical plans • FSAs • Life insurance • Disability insurance • Discounts for fitness clubs, etc.</td>
<td>Service Awards Peer-recognition awards Performance/appreciation/innovation awards—individual and school</td>
<td>Learning Opportunities • Tuition reimbursement • Sabbaticals • Professional development • Opportunities for collaboration with peers/on-the-job learning time • Coaching and mentoring • Performance reviews • Certification renewal • Average actual teacher improvement</td>
<td>Job Structure • Flex time • Part-time • Job-sharing • School schedule (day and year) • Load, number of preps, and duties</td>
</tr>
<tr>
<td>District-Priority Premiums • High-needs area and schools</td>
<td>Retirement • Pension • Accumulated leave • Health insurance</td>
<td></td>
<td>Instructional Supports • Curriculum supports • Formative Assessment Tools</td>
<td>Working Conditions • Safe and clean environment • Collegial working conditions • Opportunities for input, participation, and impact • Strong school leadership • Job protection</td>
</tr>
<tr>
<td>Market-Incentive Premiums • Math and science teachers</td>
<td>Pay for Time Not Worked • Summer/winter breaks • Vacation • Holidays • Religious holidays • Sick leave • Bereavement leave • Maternity/paternity leave</td>
<td></td>
<td>Advancement Opportunities • Career ladders and pathways • Leadership opportunities</td>
<td></td>
</tr>
<tr>
<td>Roles and Responsibilities • Leadership • Contribution/ • Additional responsibilities • Stipends for additional hours</td>
<td></td>
<td></td>
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<tr>
<td>Monetary Rewards • Individual and group performance</td>
<td>Financial • Transit subsidies • Employee discounts • Financial planning services • Mortgage/housing programs</td>
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be a challenge, especially in the current economy.
3. Customize

While major elements are similar, no two Value Propositions should be exactly the same. This is obvious between sectors—private and public—and across different professions. It is also the case across districts. The specifics of the Value Proposition will be dictated by factors outside the immediate control of the employer, detailed in Figure 2 on the next page, such as the legal environment around what must be offered and cannot be offered, the constraints of available resources, and the local context. If contractual or regulatory constraints limit a district’s ability to construct an attractive offering, district leaders must work to change this.

The Value Proposition is also influenced and shaped by factors over which employers have greater control: strategic priorities and an understanding of the specific preferences of targeted employees. Individual employees may be willing to trade specific elements of the Value Proposition to maximize those they prioritize, allowing a district to give those employees more value for the same cost.8

While it is important to customize a district’s Value Proposition, schools must also assess and improve their school-level Value Propositions. Some of the elements discussed are relevant across an entire district (for instance, benefits), whereas other elements, such as principal leadership and building conditions, are specific to individual schools. Note that if teachers can’t apply directly to schools, altering school-level Value Propositions has limited impact on attracting better teachers, but impacts retention. Districts have a responsibility to help their neediest schools improve their school-level Value Proposition, since these schools struggle to attract and retain excellent teachers. Help could include an initiative to place excellent principals in turnaround schools, or paying more to highly effective teachers for working in the neediest schools.

4. Prioritize

Compensation is not the only component of a Value Proposition that significantly impacts the financial bottom line. Since public revenues are generally constrained at some level, it’s impossible for districts to fully fund all district priorities or honor all employee preferences. Districts must structure the Value Proposition to attract, motivate, and retain a high-performing teaching force in a financially sustainable way, meaning that districts must prioritize which elements to fund. The process of prioritization begins as districts tailor their Value Proposition to their needs. District leaders must then consider the student impact and cost of each component in their Value Proposition to best leverage resources and maximize impact on student outcomes.

Some elements of the Value Proposition impact attraction over retention, and vice versa. The differential tends to center around transparency, or lack thereof, that prospective new hires have around certain elements. For instance, working conditions impact retention over attraction, since new hire candidates have less insight into working conditions than do current teachers. In prioritizing elements of the Value Proposition, districts should consider whether they want to privilege attraction over retention.

“The solution to increasing satisfaction among teachers is not simply to raise their pay... If you pay me $100,000 a year, the job isn’t any easier... More money is not that answer. It’s more [leadership], responsibility, better training, better PD.”

— Rebecca Mieliwocki
2012 Teacher of the Year*

*Heitin, L. 2012 National Teacher of the Year Hopes to ‘Restore Dignity’ to Teachers, Education week, 2012, April 24
Understanding the entire cost of the Value Proposition helps districts align scarce financial resources with priorities and support attracting, retaining, and motivating a high-performing working force. A small salary increase for all teachers may be better invested in other parts of the Value Proposition to improve teaching effectiveness, for instance. Coaching resources can be an expensive line item, especially if funded at levels that provide enough attention and support to improve instruction. Coaching, if structured and implemented in alignment with best practices, can improve teaching effectiveness\(^9\) and teacher satisfaction.\(^{10}\) Given this knowledge and these costs, a district must consider which investments make better financial and strategic sense: investment in coaching resources or a tiny increase in salary.\(^{11}\) (See Figure 3 on next page) The answer to this question depends on a district’s specific context, including competitiveness of salary and benefits as compared to surrounding districts, current structures for individual growth and professional development, and other elements in the Value Proposition.

With all of that said, salary and benefit levels are vitally important. Everyone, including teachers, wants to be paid adequately. Intrinsic motivation

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**FIGURE 2: Examples of Customizing the Value Proposition**

<table>
<thead>
<tr>
<th>Value Proposition Variables</th>
<th>Potential Factors</th>
<th>Examples</th>
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<tbody>
<tr>
<td><strong>External</strong></td>
<td></td>
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<tr>
<td>Legal</td>
<td>Union contracts</td>
<td>Salary and many working conditions (sick leave, class size, etc.) dictated by union contract</td>
</tr>
<tr>
<td></td>
<td>State laws</td>
<td>State law often defines benefits, pensions, and job security</td>
</tr>
<tr>
<td>Resources</td>
<td>Funding levels and flexibility</td>
<td>Higher-funded districts have more options in constructing a Value Proposition, unless funding streams are tied to specific uses</td>
</tr>
<tr>
<td>Local Context</td>
<td>Urban/suburban/rural</td>
<td>District setting may impact the value of safe working conditions</td>
</tr>
<tr>
<td></td>
<td>Local economy</td>
<td>Level of market competition with area employers influences the total size of a Value Proposition package; cost of housing in proximity to schools influences inclusion of housing benefits</td>
</tr>
<tr>
<td><strong>Internal</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>District Strategic Priorities</td>
<td>Workforce performance and capacity</td>
<td>With a high-performing workforce: Value Proposition could include more opportunities for leadership and collaborative professional communities; with a novice or lower-performing workforce: Value Proposition could include more opportunities for directed professional development and support</td>
</tr>
<tr>
<td>Employee Preferences</td>
<td>Age</td>
<td>With a younger workforce: Value Proposition could emphasize maternity/paternity benefits, professional development opportunities, job sharing, and flexible schedules. With an older workforce: emphasis might be on health and retirement benefits.</td>
</tr>
<tr>
<td></td>
<td>Proximity to job</td>
<td>Mass transit/travel subsidies may be part of a Value Proposition if a significant number of teachers live outside the district.</td>
</tr>
</tbody>
</table>
and professional development don’t pay the mortgage or college tuition. Not only does getting compensation right contribute to attracting, retaining, and motivating a high-performing workforce, it may also spur higher performance. Daniel Pink in *Drive* suggests that, “Effective organizations compensate people in amounts and in ways that allow individuals to mostly forget about compensation and instead focus on the work itself.” He asserts that not getting it right keeps compensation front and center and inhibits creativity, ultimately unraveling performance.

Economists vigorously debate the best methodology for determining the competitiveness of current teacher salary and benefits. Without wading into the details of that debate, evidence suggests that districts have a hard time competing with other professions for top-quality candidates, given current salary levels and growth patterns. A recent report by McKinsey & Company, “Closing the talent gap: Attracting and retaining top-third graduates to careers in teaching,” indicates that the most significant differences between teaching and the chosen careers of top-third college graduates lie with compensation.

With regard to attracting and retaining top-third students, the report shows that starting salary, expected growth, and maximum potential salary are all critical factors in compensation structures. This same report shows that only 10 to 18 percent of top-third students say teaching offers a competitive starting salary, pays appropriately for the skills and effort they would bring, or offers a salary that would increase substantially over the next seven to 10 years. Only one in three think teaching pays enough to support a family, and more than half believe they could earn more as a garbage collector.

Beyond perceptions, the annual salary of teachers in the United States without adjusting for the shorter work year is lower than the annual salary of college graduates employed in other occupations. Salaries for American teachers with 15 years’ experience are, on average, 60 percent or less of full-time earnings for 25- to 64-year-olds with tertiary education in the United States. The International Organisation for Economic Co-operation and Development (OECD) reports that supply of potential teachers is highly responsive to increase in salaries.

5. Communicate

For a district’s Value Proposition to drive success in attracting, retaining, and motivating high-performing employees, it must be understandable and accessible.

*Understandable.* Prospective or current employees must be able to compare the Value Proposition and its individual components with that of competing employers, including other professions and surrounding districts. This requires districts to cost out individual components in ways they have not previously done, and to collect and provide comparison information on competitors, if available.

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**FIGURE 3:**

**Professional Growth or Compensation?**

Assume District A wants to improve teaching effectiveness but is confronted with high teacher turnover. The options placed before the Superintendent: increase compensation or invest in a coaching program.

With $4 million available for this effort and 1000 teachers, this means the Superintendent can hire 50 coaches (at $80,000 each) at a teacher coach ratio of 20:1 or give each teacher a raise of $4,000?

**Which will be more effective in attracting, retaining, and motivating teachers?**
For example, a district might consider its elementary literacy-coaching program to be a major selling point, and invest significant resources toward creating a nationally recognized program. The district will want to tout this program, but it must also value it so that a potential employee understands how that investment translates into personal value, either through teacher-to-coach ratio or dollars-per-teacher expenditure. How a district represents this investment depends on the trade-offs and priorities of the employee and employer. If the district has specifically chosen to invest in a coaching program rather than slightly increase salaries, since its salaries are on par with neighboring districts, the dollars-per-teacher calculation must highlight this (Figure 4).

However, these starting salary levels do not account for differences in total annual hours worked. When starting salaries are adjusted for annual hours worked, District A’s shorter contract day and year means its adjusted hourly rate of $37.76 is higher than District C’s at $33.12.

Accessible. The Value Proposition is an effective human-resource management tool if it is an active and live concept. It must be kept current, with consistently updated information, readily available to all employees and—to the extent possible—personalized for each employee.

Conclusion
As school districts rethink their teacher Value Proposition, they must not ignore their most valuable asset: the opportunity to impact, improve, and enrich the lives of children and young adults. This intrinsic characteristic is a priceless asset in attracting, retaining, and motivating a high-performing teaching force. That said, it is no longer sufficient for districts to rely primarily on the intrinsic nature of the profession to achieve their goals. The concept of the Value Proposition can be an effective human-resource tool to attract a teaching force that our demanding education outcomes require.

This publication was made possible with funding from the Bill & Melinda Gates Foundation.

### FIGURE 4: Salary vs. Adjusted Hourly Rate

<table>
<thead>
<tr>
<th>District</th>
<th># Teacher Days</th>
<th>Hours/Day</th>
<th>Annual Hours</th>
<th>Starting BA Salary</th>
<th>Adjusted Hourly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>183</td>
<td>6.5</td>
<td>1190</td>
<td>$44,943</td>
<td>$37.76</td>
</tr>
<tr>
<td>B</td>
<td>190</td>
<td>7.1</td>
<td>1346</td>
<td>$44,587</td>
<td>$33.12</td>
</tr>
<tr>
<td>C</td>
<td>192</td>
<td>7.5</td>
<td>1440</td>
<td>$48,567</td>
<td>$33.72</td>
</tr>
</tbody>
</table>

Source: ERS analysis and partner district data
End Notes


7 Adapted from “World at Work: Total Rewards Model” at www.worldatwork.org.


11 For help modeling the financial impact of different choices, please see ERS DREAM (District Resource Allocation Modeler) tool at erstrategies.org


15 Ibid


17 Ibid

18 See footnote 13, which references articles that detail the considerable debate on how to calculate teacher salaries comparable to other professions.