It is the position of NASSP that performance-based compensation systems for principals should not be mandated. This position statement should not be misconstrued as an endorsement of such systems. Rather, the recommendations offered herein represent a template for states and districts considering the implementation of such systems.

In discussions to reauthorize the Elementary and Secondary Education Act (ESEA) and other federal initiatives such as Race to the Top and the ESEA flexibility waivers, legislators have focused on the impact educators have on improving student achievement. A report commissioned by the Wallace Foundation in 2010 found that leadership is second only to classroom instruction as an influence on student learning. More recently, the Wallace Foundation has 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.

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.

NASSP 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.

Although a wealth of literature addresses performance-based compensation systems for teachers and their effects on student achievement, the best evidence to date comes from other countries and may not apply to the US K—12 education system (Rand, 2009). In addition, “relatively few studies rely on experimental designs that enable us to attribute differences in student achievement and teacher retention solely to the compensation program, and not to other characteristics of the teachers, schools, or districts” (Glazerman). And even less reliable research exists about similar programs for principals because such programs are relatively new on a national scope. For example, a study of the Pittsburgh Principal Incentive Program (Hamilton, Engberg, Steiner, Nelson, & Kun, 2012) showed that money was not the most important motivation. The program offers a permanent salary increase of up to $2,000 primarily determined by principals’ performance on a rubric that measures several areas of practice and an annual bonus of up to $10,000 that is based primarily on increases in student achievement. The program also offers professional development for principals and evaluation and feedback from supervisors in addition to the financial incentives. Principals said that money was not a motivator for them to work harder or change their practices, and they “were much more likely to attribute changes in their leadership behavior to support and feedback than to financial incentives” (Hamilton, et. al., p. xv).

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. Since FY 2006, Congress has appropriated more than $1.5 billion for the Teacher Incentive Fund (TIF) program to support state and local initiatives to develop and implement performance-based teacher and principal compensation systems that are based primarily on increases in student achievement. The Center for Educator Compensation Reform also noted that national foundations, such as the Bill & Melinda Gates Foundation and the Broad Foundation—among others, have...
“declared performance pay to be among their funding priorities” in certain geographic areas (Guthrie & Prince, 2008). 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.

NASSP GUIDING PRINCIPLES

- 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.
- NASSP 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.
- NASSP recommends that principal performance be based on multiple measures that are objective, take into account the context in which a principal operates the school, and are not limited to student performance indicators (NASSP, 2011).
- NASSP 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.
- NASSP published Breaking Ranks: The Comprehensive Framework for School Improvement (2011) to provide a structure through which every school develops professional learning communities in which professional development for teachers and principals is aligned with the academic achievement and the developmental needs of students.

RECOMMENDATIONS ON PERFORMANCE-BASED COMPENSATION SYSTEMS

- 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 for the purpose of rewarding 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.

Performance-based compensation should be budgeted and sustainable by school districts.

The NASSP Breaking Ranks framework seeks to create collaborative school environment characterized by shared decision-making and leadership throughout the entire school, not a decisive environment characterized by competition and a “winner-takes-all” mindset. Therefore if school districts decide to offer merit rewards, those rewards should only be offered to select schools and the principals of those schools and not to individual teachers.

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 insure 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.

NASSP 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
- 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. NASSP 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 on recruiting and retaining highly effective principals. The U.S. Department of Education should collaborate with researchers and serve as a clearinghouse to identify best practices of performance-based compensation systems.

**RECOMMENDATIONS ON FINANCIAL INCENTIVES FOR PRINCIPALS**

- 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 as a way to recruit highly effective principals to high-need schools

- 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
RECOMMENDATIONS ON FINANCIAL INCENTIVES FOR PRINCIPALS

POSITION STATEMENT: PROFESSIONAL COMPENSATION FOR PRINCIPALS


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