

A total compensation information package refers to the information shared with applicants about the rewards earned through employment. As illustrated in exhibit 1, total compensation includes indirect compensation, direct compensation, and school culture and working conditions. Communicating total package compensation has the potential to improve desired outcomes such as staff recruitment and retention, employee morale, and internal and external pay equity.¹

This resource is targeted to district leaders and hiring personnel. It provides definitions and rationales for three key elements included in total compensation. School districts and human resources departments can use this infographic to understand all aspects of a total compensation package and develop communication and recruitment tools inclusive of all forms of compensation. Exhibit 2 provides details on each component.

Exhibit 1.

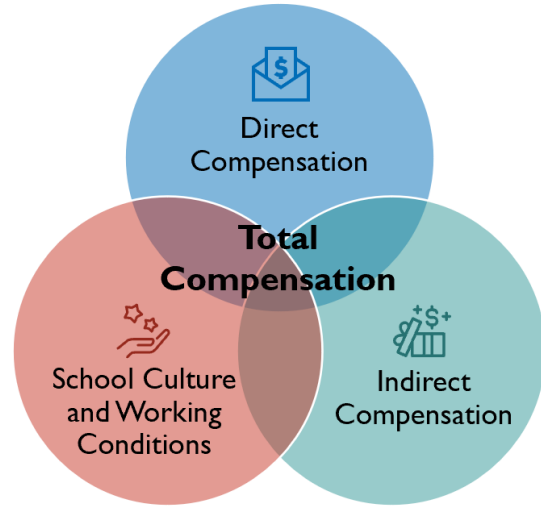
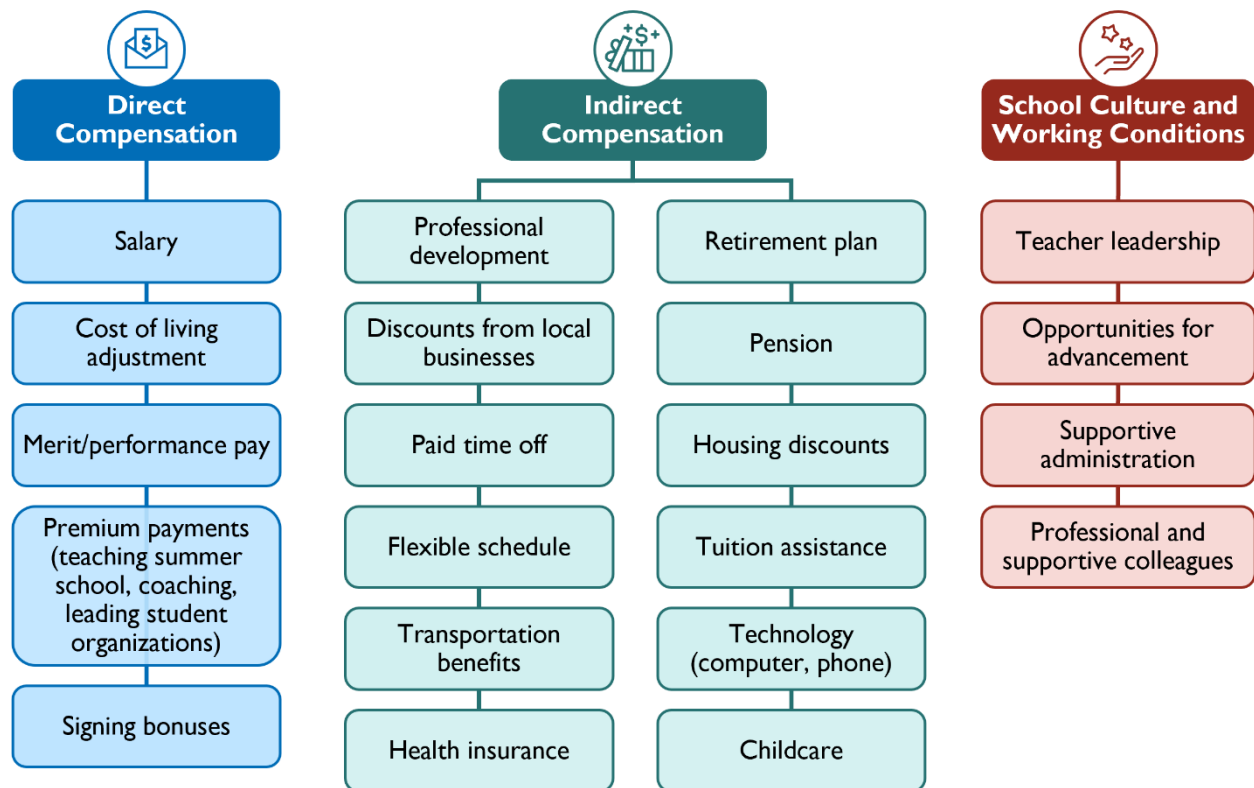


Exhibit 2.





Direct Compensation

What it is: Direct compensation “involves monetary payments to employees for time worked or results obtained.”² It is what most educators think of when they ask about a school district’s compensation. Often, direct compensation includes benefits such as salary or hourly wages, signing bonuses, performance or merit bonuses, and premium payments (overtime, summer school, longevity pay).

Why it is important: Applicants use direct compensation to compare positions between districts. Compensation is one of the most influential factors that impact recruitment and attrition of effective and diverse educators.³

EXAMPLE: Bonuses for high-need positions. Detroit Public Schools Community District is attracting special education personnel to their schools by offering a \$15,000 bonus in addition to salary.⁴



Indirect Compensation

What it is: Indirect compensation includes the “extras” that are extremely important in total compensation, but often don’t get communicated effectively to job applicants. Indirect compensation involves “expenditures made by an employer on behalf of all employees and is typically referred to as ‘fringe benefits.’”⁵ Indirect compensation includes retirement benefits, health insurance, and paid time off. Educators may be entitled to teacher discounts from local businesses, summers off, housing, transportation benefits, and professional development opportunities.

Why it is important: The most important reason for providing indirect compensation is to show educators that the district “cares about them, values their contributions, and wants to ensure their needs are met.”⁶ Educators may not join the profession for a high salary, so indirect compensation is especially important to justly compensate labor.⁷

EXAMPLE: Childcare services for educators with families. Many educators have additional family responsibilities. A group of districts in Colorado is responding by providing educators with childcare programs for infants and toddlers with locations and schedules that align with teaching.⁸



School Culture and Working Conditions

What it is: School culture can be defined “as the guiding beliefs and values evident in the way a school operates.”⁹ Culture can include all those things that make educators want to wake up and come to school. It’s feeling valued by the community, parents, and administration. It’s having a great team to collaborate with and caring colleagues. It’s feeling comfortable approaching the principal and sharing feedback. Additionally, it’s seeing a future in the district, including opportunities for advancement to leadership positions.¹⁰

Why it is important: Research has shown that workplace culture impacts retention. For educators, it may be especially important due to the emotional and personal nature of the job. Having a trusted supervisor,

opportunities for leadership, and strong collaboration are all connected to why educators stay in the profession and at their schools.¹¹

EXAMPLE: Opportunities for advancement. Teacher leadership opportunities are associated with an increase in retention rates of exemplary educators over time.¹² District of Columbia Public Schools established the Leadership Initiative For Teachers (LIFT), which incentivizes excellent teachers to stay in the classroom. LIFT is a five-stage career ladder that “provides high-performing teachers with opportunities for advancement inside the classroom as well as additional responsibility and increased recognition and compensation.”¹³

Social Media Connection

Share how your district is communicating total compensation to potential educators. Tag @mieducation and include #ProudMichiganEducator.



Looking for more info on how to communicate total compensation?

The Center on Great Teachers and Leaders developed a five-part tool for states and districts to develop a communication plan and coordinate its execution.

https://gtlcenter.org/sites/default/files/Communication_Guidebook.pdf

Notes

¹ Montgomery, D. B., & Ramus, C. A. (2011). Calibrating MBA job preferences for the 21st century. *Academy of Management Learning & Education*, 10(1), 9–26. Misfeldt, R., Linder, J., Lait, J., Hepp, S., Armitage, G., Jackson, K., & Suter, E. (2014). Incentives for improving human resource outcomes in health care: Overview of reviews. *Journal of Health Services Research & Policy*, 19(1), 52–61.

² UT Health. (n.d.). *Types of compensation*. <https://www.uth.edu/hr/department/compensation/types-of-compensation.htm>

³ Podolsky, A., Kini, T., Bishop, J., & Darling-Hammond, L. (2016). *Solving the teacher shortage: How to attract and retain excellent educators*. Learning Policy Institute. Bueno, C., & Sass, T. R. (2019). *The effects of differential pay on teacher recruitment and retention (Working Paper No. 219-0519)*. National Center for Analysis of Longitudinal Data in Education Research (CALDER).

⁴ Nissen, J. (2021). Detroit teachers ratify contract with district, promising up to 4% salary bump, \$15K bonuses for some. *Fox 2*. <https://www.fox2detroit.com/news/detroit-teachers-ratify-contract-with-district-promising-up-to-4-salary-bump-15k-bonuses-for-some>

⁵ UT Health. (n.d.). *Types of compensation*. <https://www.uth.edu/hr/department/compensation/types-of-compensation.htm>

⁶ Mooreston, A. (2020, February 13). What is indirect compensation and why does it matter? *Payscale*. <https://www.payscale.com/compensation-today/2020/02/what-is-indirect-compensation-and-why-does-it-matter>

⁷ Jensen, D., McMullen, T., & Stark, M. (2007). *Manager’s guide to rewards: What you need to know to get the best for—and from—your employees*. AMACOM Books.

⁸ Schimke, A. (2018, July 31). Can in-house child care keep young teachers in the classroom? These districts want to find out. *Chalkbeat Colorado*.

<https://co.chalkbeat.org/2018/7/31/21105412/can-in-house-child-care-keep-young-teachers-in-the-classroom-these-districts-want-to-find-out>

⁹ Fullan, M. (2007). *The new meaning of educational change*. Routledge.

¹⁰ Center on Great Teachers and Leaders. (n.d.). *Understanding teaching conditions*.

<https://gtlcenter.org/technical-assistance/professional-learning-modules/understanding-teaching-conditions>

¹¹ Podolsky, A., Kini, T., Bishop, J., & Darling-Hammond, L. (2016). *Solving the teacher shortage: How to attract and retain excellent educators*. Learning Policy Institute.

¹² Charner-Laird, M., Ippolito, J., & Dobbs, C. L. (2016). The roles of teacher leaders in guiding PLCs focused on disciplinary literacy. *Journal of School Leadership*, 26, 975–1001.

¹³ District of Columbia Public Schools. (n.d.). *Leadership Initiative For Teachers (LIFT)*. <https://dcps.dc.gov/page/leadership-initiative-teachers-lift>