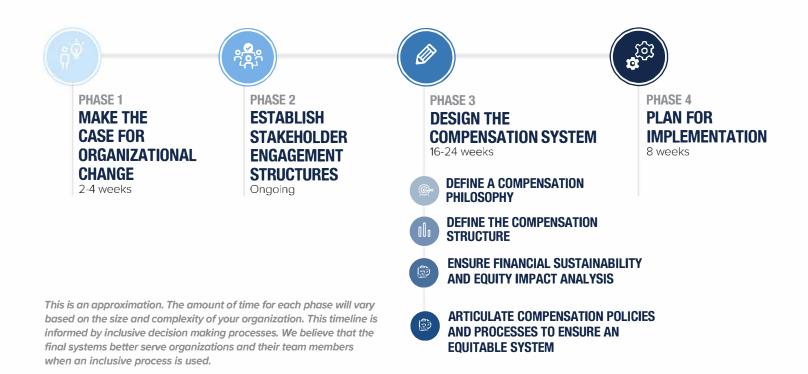# PROCESS OVERVIEW:
Charter School Compensation System *(re)*Design

CHARTER SCHOOL COMPENSATION INITIATIVE

The **Charter School Compensation Initiative** is an effort to support charter school leaders who are committed to establishing competitive and equitable compensation systems. Our goal is to demystify the process by providing accessible, step-by-step guidance and aligned resources that position leaders to take action via seven open-source How-To Guides and Toolkits that are aligned to each phase of the compensation design process. How-To Guides and Toolkits will be published monthly between March and November 2022.

We know organizations must be diverse, equitable, inclusive, and anti-racist in order to be able to recruit and retain high-quality, diverse staff members in service of students. Compensation is a powerful mechanism toward that goal and the Charter School Compensation Initiative aims to provide actionable resources for those interested in improving their practices.

This resource provides a high-level overview of the steps organizations can take to design (or re-design) their compensation system. Between March and November 2022 this resource will be updated with links to How-To Guides that detail a step-by-step process for several components of the compensation design process. Come back monthly for more!

PHASE 1
MAKE THE CASE FOR ORGANIZATIONAL CHANGE
2-4 weeks

PHASE 2
ESTABLISH STAKEHOLDER ENGAGEMENT STRUCTURES
Ongoing

PHASE 3
DESIGN THE COMPENSATION SYSTEM
16-24 weeks

- **DEFINE A COMPENSATION PHILOSOPHY**
- **DEFINE THE COMPENSATION STRUCTURE**
- **ENSURE FINANCIAL SUSTAINABILITY AND EQUITY IMPACT ANALYSIS**
- **ARTICULATE COMPENSATION POLICIES AND PROCESSES TO ENSURE AN EQUITABLE SYSTEM**

PHASE 4
PLAN FOR IMPLEMENTATION
8 weeks

This is an approximation. The amount of time for each phase will vary based on the size and complexity of your organization. This timeline is informed by inclusive decision making processes. We believe that the final systems better serve organizations and their team members when an inclusive process is used.

CHARTER SCHOOL GROWTH FUND

KIPP: Public Schools

edfuel
TALENT AS A CATALYST FOR CHANGE

One of the critical first steps is to make the case for why compensation should be prioritized by analyzing the current state of your compensation practices, conducting a root cause analysis, generating a compelling call to action, and securing commitment from a coalition of key decision makers to take action toward designing a more competitive and equitable compensation model.

STEP	DESCRIPTION	EST. TIME
1. Define the problem and create a sense of urgency	Develop a preliminary problem statement that articulates your current understanding of the challenge and the urgency to take action. Your problem statement should: • Serve as a concise, compelling, and urgent call to action and reflect your organization's commitment to increasing equity for your staff. • Be informed by an initial current state analysis which requires you to identify areas of strength and concern. To understand your challenge, start by reviewing your retention and hiring data and analyze your data by sub-groups (race, gender, etc.) so that you can answer the question: How does compensation play a role in our ability to equitably attract and retain great people? *Tip: Use staff culture data, feedback from stay/intent-to-return conversations, exit interview data, projected vacancies. You may also choose to conduct a **Pay Equity Audit** or complete initial market benchmarking.*	2-4 weeks
2. Convene key decision makers	At this stage, convene a group of organizational decision makers and any other talent and compensation leaders who typically play a central role in organizational change efforts (e.g., Chief Equity Officer, Chief Talent Officer, Executive Director, Director of Finance).	
3. Strengthen your case by illustrating the benefits and risks	Engage decision makers in illustrating the benefits of taking action and the risks of taking no action. While you can do this step on your own, asking the group to consider the implications of their decision is an effective strategy for investing them in solving the problem with urgency.	
4. Paint the picture	It helps to have a clear path forward so decision makers can understand the level of effort and commitment this type of work can take. Describe what it will take to follow through on this effort by answering the questions: • Who should be involved in the process? • How long will it take and when should it begin? • What resources will be required? You may choose to share this Process Overview Guide or customize *this* high-level timeline as a starting point.	
5. Secure initial buy-in from key decision makers	Secure a firm and specific commitment from key decision makers to move forward with compensation redesign. The commitment should explicitly acknowledge: the impacted groups (scope), project constraints (staff, capacity, financial, timing), desired implementation timeline, and resource allocation (internal project leader, additional staff capacity). • Who will take the lead on the project? • Will you designate an internal team member or seek an external consultant?	

Note: We recommend addressing school staff and network staff compensation in separate years because of the level of change management required and given financial and capacity constraints

Who, how, and when you engage stakeholders will signal the likelihood of success long before you edit your first excel formula. Design a stakeholder engagement model that ensures those most impacted have multiple opportunities to have their voices heard, and that those who are making decisions have a meaningful opportunity to hear and reflect those voices in the final system design.

STEP	DESCRIPTION	EST. TIME
1. Identify who you will engage	The group should be diverse and representative of all voices across your organization. Those at the table should include: those directly impacted, those who will be responsible for implementation (i.e., managers, recruiters), and those with an organization-wide perspective and decision-making power. Use an equity framework to determine how you will approach stakeholder engagement. We recommend the *Liberatory Design* Framework, which is grounded in human-centered design and a deep equity focus.	Ongoing, varies by project phase
2. Determine how and how frequently you will engage them	Stakeholder engagement structures often include surveys, focus groups, leadership team working groups, steering committees, and other structures. The most effective strategy for engaging staff will depend on the phase you're in. • In general, the earliest phases are oriented toward information gathering and benefit from larger group meetings with stakeholders (e.g. staff working groups, leadership teams) as well as surveys and focus groups • After a compensation philosophy has been defined, the project is oriented toward decision making, which benefits from smaller group or one-on-one meetings given the iterative nature of system design and decision making	

Steps 2-4 are iterative, taking place concurrently, and requiring frequent maneuvering to get the compensation system puzzle pieces just right. This phase can sometimes feel like a vortex and can significantly extend your timeline. To counteract this, we suggest setting a hard deadline for yourselves based on your budget approval timeline.

STEP	DESCRIPTION	EST. TIME
1. Define a compensation philosophy	Your compensation philosophy is simply a formal statement documenting the organization's position on compensation. It explains the "why" behind staff pay and serves as a guide through the messiness of compensation design work. You'll use your compensation philosophy to attract, retain, and motivate team members. The philosophy is informed by stakeholder input and findings from your current state analysis (e.g. benchmarking, equity audit, etc.). If there are gaps missing in your understanding, take time to fill them in (focus group, survey, additional market benchmarking).	6-8 weeks
2. Define the compensation structure	Review different compensation structures (e.g., step-and-column, title-based pay bands, pay grades) and identify the one that is most aligned to your compensation philosophy and supports your organization's long-term financial sustainability. You will iterate on the compensation structure alongside steps 3 and 4 as you evaluate the impact on your financial sustainability, equity, and organizational policies for setting and adjusting compensation.	10-16 weeks
3. Ensure financial sustainability and equity impact analysis	Financial modeling includes mapping out the budgetary impact of the selected compensation structure in order to ensure that it is financially sustainable. To accurately assess the financial impact of your compensation model, you will need to articulate transition policies: how current staff salaries will be adjusted at the point of implementation. For staff whose salaries fall outside of the compensation model, some organizations may opt for a "hold harmless" policy in which no salaries are reduced. Considering how you account for this scenario requires careful consideration of all risks, including internal equity, legal requirements, and overall employee satisfaction. You should engage your finance lead in this phase.	
4. Articulate compensation policies and processes to ensure an equitable system	Articulate compensation policies to ensure that the expected compensation-related decisions that must be made have a clear and equitable process. Compensation policies often include your organization's position on: salary negotiations, promotions, stipends or bonuses, criteria for disbursing monetary rewards, etc.	

PHASE 4: PLAN FOR IMPLEMENTATION

STEP	DESCRIPTION	EST. TIME
1. Create a detailed implementation and communication plan	Determine how you will share the final model with staff. You may consider the following: • When will staff transition to their new salaries? • How will you tell them and who will be responsible for fielding questions? • What manager training and guidance will you offer? • How will you ensure you are administratively prepared for this transition (i.e., via payroll and the HRIS system)? • How will you sequence communication (e.g., school leaders, then school staff)?	8 weeks
2. Implement your plan and monitor for continuous improvement	Deploy and monitor your implementation plan to ensure the roll out is aligned with your intended impact. Organizational change efforts this significant are most precarious in their first year and should be routinely monitored to ensure alignment to the intended impact. For example, you may choose to send a two- to three-question survey asking for staff reflections on the new compensation model. Gathering this feedback at key points in the school year will ensure you have time to make strategic adjustments as needed to ensure the success of the effort.	

RESOURCES

To get started, you can access a set of customizable resources and templates in *this folder*. Resources include:

• High-Level Project Plan
• Problem Statement and Root Cause Analysis Guide Template
• Facilitation Guide to guide stakeholders in discussion on root cause analysis and problem statements

LEARN MORE

In partnership with Charter School Growth Fund and the KIPP Foundation, EdFuel is proud to announce the Charter School Compensation Initiative, an effort to equip charter leaders with the information they need to establish competitive and equitable compensation practices. Our goal is to demystify each phase of the compensation system design process while providing leaders with learning opportunities grounded in equitable practice and concrete resources. The Initiative includes two components:

• **How-To Guides and Toolkits,** practical guides aligned to each component of the compensation design process, including case studies and ready-to-use resources.
• **Learning Webinar Series** for organizational leaders who are planning to take action on compensation redesign this year.

For more information, contact Kristina Campa-Gruca (kcgruca@edfuel.org).

CHARTER SCHOOL COMPENSATION INITIATIVE