



AMERICAN INSTITUTES FOR RESEARCH

Attracting the Best and the Brightest to Lead New Jersey's Schools: A Comparative Study of Context and Compensation

American Institutes for Research[®]

August 2008

Anthony P. Cavanna, Ed.D.
Dwayne Norris, Ph.D.
Kimberly Adams, Ph.D.
Susan Bowles Therriault, Ed.D.

Attracting the Best and the Brightest to Lead New Jersey's Schools: A Comparative Study of Context and Compensation

American Institutes for Research®

Introduction and Context

Research on the characteristics of effective schools and testimony from veteran educators across the nation make evident the importance of school leadership as the catalyst for school success and the engine that drives student achievement gains.¹ In New Jersey, approximately 25% of the schools in New Jersey have been identified for improvement;² now, more than ever, great leaders are needed for our schools. The pool of qualified candidates for these positions has decreased significantly, and the annual turnover rate is approaching 20%. Superintendents are asked to make demands on teachers and students to achieve at all-time high levels. At the same time, pressures are mounting for school superintendents to do more with less. In the current climate of fiscal conservatism, it is important to understand and balance the need to improve our schools—in the context of the trends which affect our society and our schools—with the limitations of resources. Still, New Jersey does not exist in isolation. The environment for attracting the best and brightest school leaders is highly competitive. This research on New Jersey school superintendents serves as a resource for information on the supply of and demand for qualified school superintendents in the state, region and nation. Our hope is that improving our understanding of this environment will help us understand the possibilities and implications for the future of the State of New Jersey and our best chance for a better future—the education of our students.

Methodology

The American Institutes for Research conducted a review of school superintendent compensation in the State of New Jersey for the New Jersey Association of School Administrators (NJASA). Compensation of New Jersey's school superintendents was evaluated in relation to the compensation of school superintendents nationally and regionally, as well as compared to a state with a similar economic base. Compensation comparisons were made between New Jersey school superintendents and other executive level positions in the state. Specifically, comparisons of compensation were made between school superintendents and New Jersey's public and private college presidents, corporate Chief Executive Officers (CEOs), and hospital CEOs.

As a state, New Jersey has unique characteristics and great regional diversity. For this reason, a combination of states was selected for comparing superintendents' compensation levels. First, states were selected from the tri-state region in which New Jersey competes for qualified school leaders. As a second comparison, Virginia was selected because of the similarities in the economic make up, including regions that border a major metropolitan area outside of the boundaries of the state and the diversity between urban and rural regions.

¹ Marzano, R. J., Waters, T., & McNulty, B. A. (2005). *School leadership that works: From research to results*. Alexandria, VA: Association for Supervision and Curriculum Development

² Based on 2005–2006 data from the New Jersey Department of Education Web site.

After a scan of jobs similar to that of the superintendent, college presidents, CEOs, and hospital CEOs were selected. College presidents were selected because, like superintendents, they are leaders of institutions with many different submissions to the school; they must guide professional, autonomous faculty toward a common vision; and the service they provide is to students. CEOs were selected because they are often cited as the private sector job most comparable to that of superintendent; and they are responsible for large budgets, oversee all operations, and are responsible for guiding staff toward a common mission. Last, hospital CEOs and presidents were selected because they have a similar mission to guide professionals and the operations of the organization that is focused on service to individuals.

In addition, information was gathered regarding the present climate in which local school boards are working to identify experienced and qualified superintendents to lead their schools. In general, issues identified related to a restricted pool of qualified applicants, increased accountability, and limitations to building retirement benefits—all factors working to affect the compensation of school superintendents.

Comparison of Superintendents' Salaries

After careful consideration of the appropriate states to include in the analysis, it was decided that New York and Connecticut would be the best comparison states, since they share the demographics of the New York tri-state area with northern New Jersey and compete for the same pool of applicants. Virginia was also chosen to serve as a good comparison state because of a similar economic and population base. That is, the northern districts of both states are more metropolitan and have a higher cost of living compared to the southern districts.

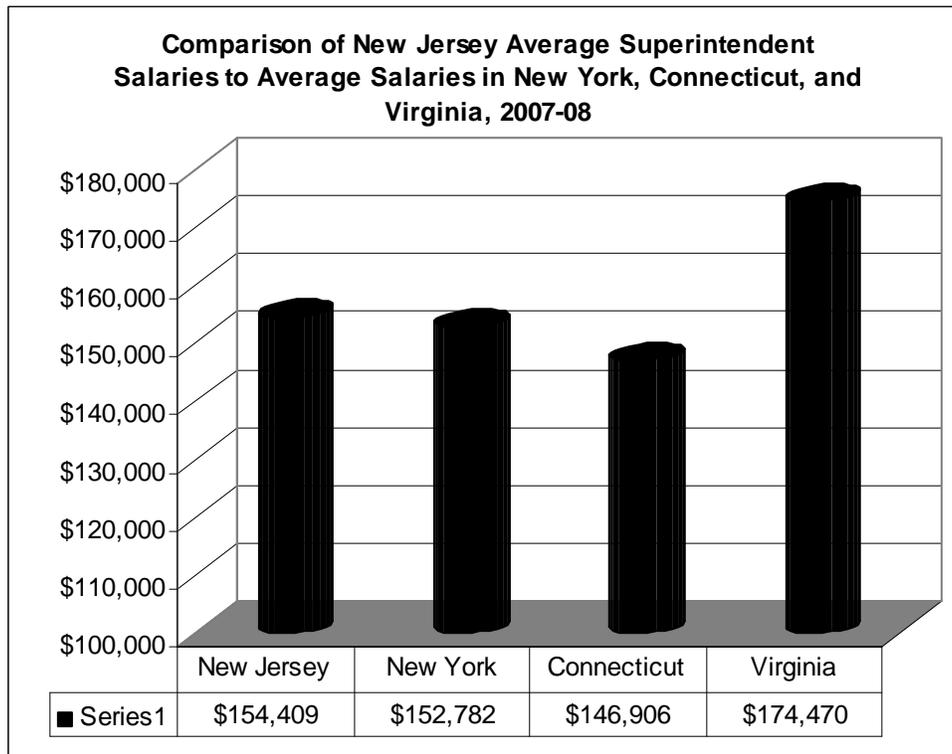
The State Departments of Education for each of the four states included in the study were contacted to obtain information on superintendents' compensation by school district. Each state was able to provide base salary information and the percentage of allocation to the superintendent position by school district. New Jersey, New York, and Connecticut were able to provide these data for 2008; whereas, due to Virginia's end of fiscal year, only 2007 salary data were available at the time of data collection. It is important to note that total compensation for school superintendents may include compensation beyond base salary, such as retirement benefits and deferred compensation. Only the base salary information was available for the compensation analysis; however, this restriction ensured a clear comparison of base salaries between the different states.

As mentioned above, the percentage of allocation to the superintendent position for each school district, also referred to as full-time equivalency (FTE) information, was provided along with base salary information. Some superintendents were being compensated for fulfilling the superintendent position on a part-time basis and therefore had an FTE factor less than 1.00. In addition, some superintendents in Virginia were provided a salary by the county for fulfilling the county's superintendent role and received an additional salary from the regional funds to fulfill a superintendent role for a regional program. In these cases, the FTE factor was greater than 1.00. Obviously, a comparison of full-time salaries to part-time salaries (or combined salary data) was not appropriate. To address this issue, the salary for each district was weighted by the FTE factor. These weighted district salaries were then summed and divided by the summed FTE

factor to obtain a weighted average salary for each state. The weighted average salary for each state is reported in the figures below.

Tri-State Area and Virginia. New York and Connecticut share the geographic metropolitan New York Tri-State area with New Jersey. Although there are striking differences among the states, they do share some commonalities and generally compete for qualified and highly skilled superintendents. Consequently, to maintain a competitive edge, New Jersey salaries should be equal to or slightly greater than these neighboring states. Figure 1 shows, on average, the salaries of superintendents in New Jersey are slightly higher than those in the neighboring states. The weighted average salary of superintendents in New Jersey is approximately \$8,000 higher than those in Connecticut. However, the weighted average salary of superintendents in New York and New Jersey are nearly matched. These results imply that New Jersey has built a slight competitive edge in certain districts bordering metropolitan areas in attracting highly qualified school superintendents from the neighboring states.

FIGURE 1



Notes and Sources: New Jersey 2008 salary data are from the New Jersey Department of Education. The salaries are a weighted average based on full-time equivalent (FTE) status reported. New York 2008 salary data are from the New York Department of Education Web site and reflect the average FTE salaries. Connecticut 2008 salary data are from the Connecticut Department of Education and are a weighted average based on FTE reported. The Virginia data are from the Virginia Department of Education and have been adjusted for cost-of-living adjustments (COLA) between the two states. It was expected that the cost of living differences in both northern and southern portions of Virginia was not as steep as their counterpart portions of New Jersey. This expectation was confirmed by examining the Consumer Price Index provided by the U.S. Bureau of Labor Statistics as well as several cost-of-living calculators available on the internet. The first step to making the COLA involved categorizing the counties of Virginia and districts of New Jersey into regions that

could be defined in terms of relative location within the state and potential differences in cost of living (i.e., Northern, Southeastern, Southwestern, Central). Next, representative cities for each of these regions were selected and used in an Internet-based cost-of-living calculator to determine the percentage increase in cost of living between northern Virginia and northern New Jersey, southern Virginia and southern New Jersey, and central Virginia and central New Jersey. Last, these percentages were applied to the weighted salaries to obtain a COLA-weighted salary for each county, which was then averaged. This average weighted salary with COLA is reported for Virginia in the figure above.

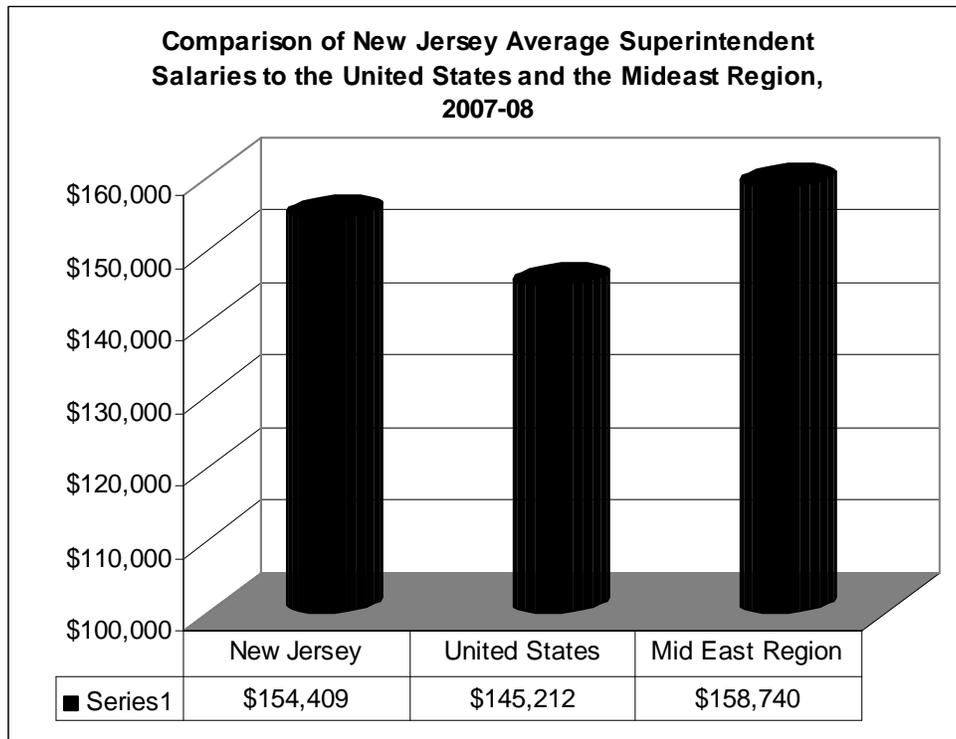
Recognizing the unique composition of New Jersey, with distinct urban and rural areas, and the suburban areas surrounding a major city (New York City) that lies outside of the state geographic boundaries, Virginia was identified as a state that has a similar make-up to that of New Jersey. Figure 1 compares the weighted average superintendent salary of New Jersey to the adjusted weighted average salary of superintendents in Virginia (refer to Figure 1 *Notes & Sources* for the cost-of-living adjustment [COLA] procedures). Note that even though the 2007 Virginia salary data were adjusted for cost-of-living, they were not adjusted for inflation since there was only a 1-year difference between these data and those of New Jersey. As reflected below, the New Jersey superintendent salary is approximately \$20,000 lower when COLA is applied; however, it is approximately \$17,000 higher without the COLA. If one considers the difference of cost of living between the two states to be real and affecting superintendents' salaries as it would private sector salaries, then the New Jersey superintendents are not being compensated at the same level as those in Virginia.³

National Comparison. The average salary of New Jersey public school superintendents was compared to the national average and mid-east regional averages reported in Education Research Service's (ERS's) 2007 publication of salaries and wages of paid professional and support personnel in the public schools. Figure 2 shows the weighted average salary of New Jersey superintendent is slightly higher (approximately \$9,000 higher) than the national average.⁴ However, the weighted average salary in New Jersey nearly matches (approximately \$4,000 lower than) the superintendents' salaries in the mid-east region, which includes the states of Delaware, District of Columbia, Maryland, New Jersey, New York, and Pennsylvania.

³ It is possible that the public school superintendents' salaries are not affected by differences to the same degree an executive position within the private sector would be; therefore, the adjustment may be overinflated. If this assumption is true, then the salaries of superintendents between the two states would be nearly matched.

⁴ The average salary data reported in the ERS report were from 2006; therefore, an adjustment using the Consumer Price Index was applied to account for inflation between 2006 and 2008.

FIGURE 2



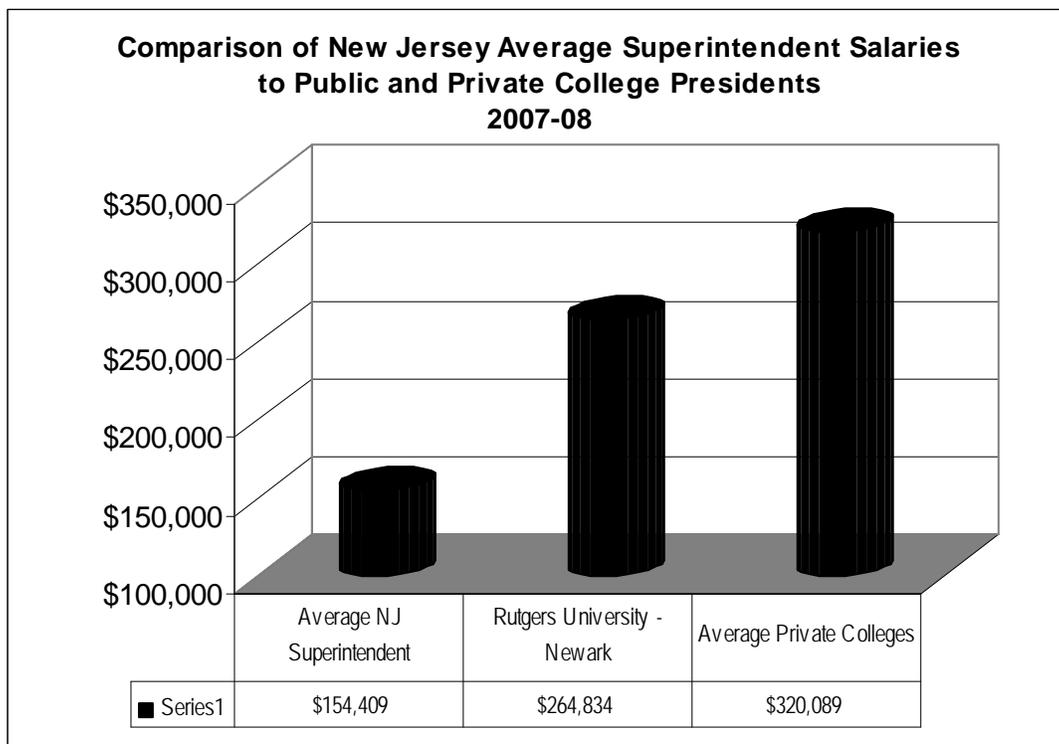
Notes and Sources: New Jersey 2008 salary data are from the New Jersey Department of Education. The salaries are a weighted average based on full-time equivalency status reported. United States and Mideast Region data are from the Educational Research Service. Salaries and wages paid professional and support personnel in the public schools, 2006–2007. These data have been adjusted to 2007–2008 dollars by using the 2007 consumer price index from the U.S. Bureau of Labor Statistics.

Comparisons to Similar Jobs

To provide a broader context in which to assess the level of salaries of New Jersey’s school superintendents, the researchers identified some key jobs that have responsibilities similar to those of school superintendents. Specifically, the job description of school superintendent included responsibilities for multimillion dollar budgets, complex facilities, operations and personnel systems as well as policy responsibilities. They also report to a Board of Education that is akin to a board of directors or trustees, the organizational structure of almost all public, private, and not-for-profit organizations. It was determined that this job description resembled that of college presidents and CEOs. A literature review on the topic supported our identification of similar jobs and our efforts in comparing the salaries. Therefore, a comparison of New Jersey school superintendent salaries was made to those of public and private college presidents, corporate CEOs, and hospital CEOs within the State of New Jersey (Figure 3).

University and College Presidents in New Jersey. The average salaries of New Jersey school superintendents fall far below those of heads of the major universities and colleges in New Jersey. In fact, the private college presidents' average salaries⁵ are more than two times that of a school superintendent within the state. Although, the presidents oversee campuses with between 1,500 and 6,000 undergraduates, similar to enrollment figures in the larger districts in New Jersey.⁶ Still, these higher education leaders have similar job responsibilities to those of superintendents. The both must lead large numbers of professional faculty and ensure a quality education is being delivered to each student.

FIGURE 3



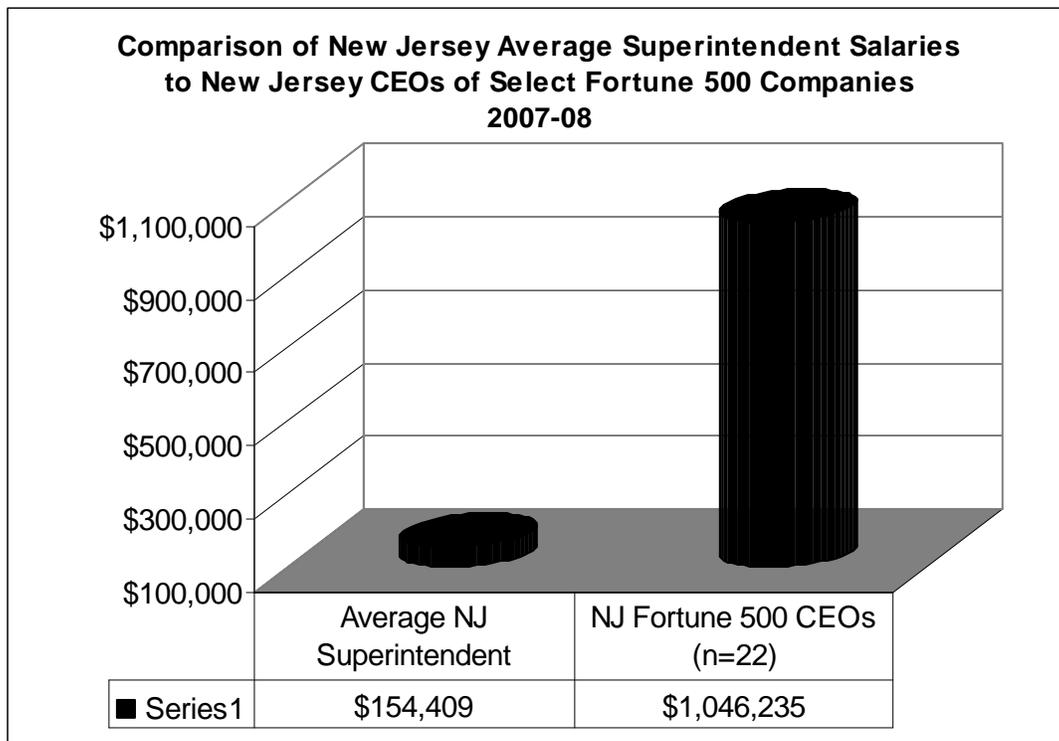
Notes and Sources: New Jersey data are from the New Jersey Department of Education, and the salaries are a weighted average in 2007–2008. The data on public and private college presidents' salaries are from the *Chronicle of Higher Education* database on salary of presidents. The salaries for public universities are from 2006–2007; both the president of the Newark campus and the Rutgers (New Jersey state) system were reported. However, the salary of the system president was not representative of the "like job" category and thus was excluded from the analysis. The data for private college presidents in New Jersey are from 2005–2006. The data are limited to those reported in the database. There are likely more colleges and universities not represented. These data have been adjusted to 2007–2008 dollars by using the 2007 consumer price index from the U.S. Bureau of Labor Statistics.

⁵ The presidents' of these campuses earn significantly more salary in terms of alternative compensation (e.g., housing, transportation).

⁶ These enrollment figures are similar to those in some of the larger districts in New Jersey, although no significant correlation between a superintendent salary level and the student enrollment numbers can be made.

CEOs of New Jersey's Corporate Companies. The disparity between the average salary of New Jersey school superintendents and those of CEOs of corporations headquartered in New Jersey is even greater. The CEOs of New Jersey corporations randomly selected from the Fortune 500 ($n = 22$), on average, make more than six times the average salary of a school superintendent, as shown in Figure 4. However, caution should be used in evaluating these results. Given the CEO compensation data provided by an Internet site, it was not possible to confirm that the compensation reported for these CEOs was strictly base salary or whether it included other benefits appropriate for a private-sector corporation but not for a public school superintendent. In most cases, however, the data reported delineated salary, bonus, and stock options separately, thus suggesting that the salary data are not inflated for these forms of compensation.

FIGURE 4



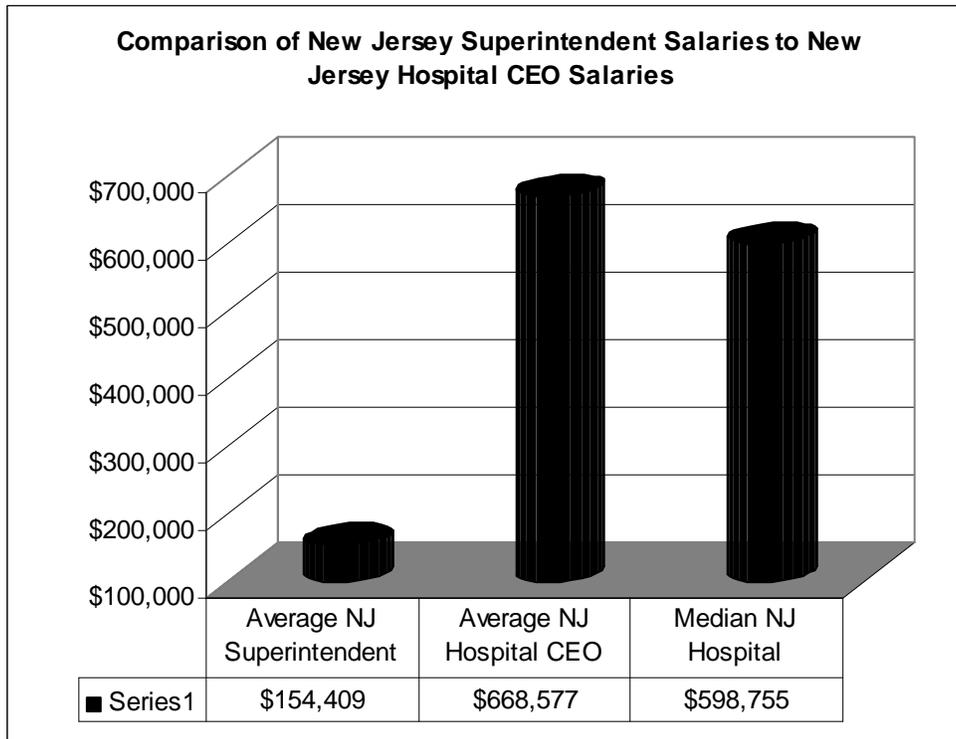
Notes and Sources: New Jersey data are from the New Jersey Department of Education, and the salaries are a weighted average in 2007–2008. Fortune 500 companies located in New Jersey were identified from the Internet site <http://money.cnn.com/magazines/fortune/fortune500/2008/states/NJ.html>. The salary data for these CEOs were obtained from the investment Web site provided by *Business Week*: <http://investing.businessweek.com/businessweek/research/stocks/people/person.asp>.

CEOs of New Jersey's Hospitals. As with the comparisons to college presidents and corporate leaders, the average salaries of New Jersey school superintendents are below those of hospital CEOs, both locally and nationally. According to a 2006 news article,⁷ the nationwide mean salary for hospital CEOs/presidents was \$317,000, with average bonuses of \$135,000.

⁷ Hospital CEOs earning very healthy paychecks. *Long Island Business News*, (15–21 December, 2006), pp. 5A & 46A.

Furthermore, according to an article on health care,⁸ the national median base salary was \$266,500 for CEOs of hospital systems ($N = 159$) and \$321,000 for free-standing hospitals ($N = 25$) that had less than \$200 million in net revenues in 2006. For hospitals with revenues greater than \$200 million, the median base salary for hospital CEOs was even higher (ranging from \$357,400 to \$774,600). Because the resources required to collect CEO salaries for the 70+ hospitals located in New Jersey were beyond the means of the project, only a modest number of hospitals ($n = 6$) chosen to represent the different geographic sections of the state were included in this comparison. This cursory look at salaries for hospital CEOs across the State of New Jersey revealed a median salary of \$598,755, with a range from \$490,996 to \$1,055,664.

FIGURE 5



Notes & Sources: New Jersey data are from the New Jersey Department of Education, and the salaries are a weighted average in 2007–2008. Because the resources required to collect CEO salaries for the 70+ hospitals located in New Jersey was beyond the means of the project, only a modest number of hospitals ($n = 6$) are included.

Future Challenges: Fewer Qualified Candidates

Trends indicate that superintendents are entering the position later and later in their careers and are spending less time in their position. The average is about 5 or 6 years. The cost to replace a sitting superintendent is estimated to be approximately one-half of their yearly salary. This cost is compounded when the replacement is not as strong as the person leaving the position. These costs include the time and training necessary to bring the new employee up to par. Furthermore,

⁸ By the numbers staffing. *Modern Healthcare*. (18 December, 2006), 36, 50–58.

these costs can have a negative impact on a school district and result in a drain on already-scarce resources.⁹

Therefore, it makes sense to recruit, train and retain good superintendents to lead their districts to the next level of excellence. In certain districts, but not in all, the State of New Jersey is well-positioned to compete for the most qualified applicants to the superintendents' positions based on salary. In others, the ability to compete is hindered by low salaries and poor working conditions. If the highest salaries of superintendents in New Jersey had been significantly lower than those in neighboring states, it would have a limiting effect on its ability to attract the most qualified candidates for the superintendent position in these highly paid districts. Due to regional differences and geographic salary differentials, some districts are able to attract highly qualified individuals to the superintendency while others are not as able. Salary constraints are also confounded by the age of superintendents and the shortage of qualified superintendent candidates in the pipeline. A national scan of superintendents reveals that more than 75% are over age 50, and approximately 40% of all superintendents reported that they will be retiring within the next 5 years. Added to this challenge, nearly 85% of superintendents believe "there is an inadequate supply of education leaders."¹⁰

Likewise, according to an article in the *New York Times*, it was estimated that 50% of the current superintendents in New Jersey are likely to retire in the next 5 years.¹¹ In addition, the same article reported that more than 40% of superintendents had been in the job for less than 5 years, and turnover is increasing. Incentives to stay for long terms in New Jersey have been diminished since tenure was taken away. Superintendents have the ability to collect their New Jersey pensions and seek employment in other districts. This feature creates an incentive for New Jersey superintendents to leave the state and allows nearby states to gain these experienced leaders.

The job of superintendent has become increasingly difficult. The pressure placed on superintendents has increased exponentially, with the growing demands of federal and state accountability requirements. It is not surprising that nearly 60% of superintendents in the United States reported that they are under considerable or very great stress.¹² Meeting the demands of the *No Child Left Behind Act* (NCLB) and New Jersey's accountability measures is no small feat for any school district. State report cards and other accountability measures create an enormous burden on administrators and teachers alike. At times, the system appears to be designed to punish schools rather than support them. A superintendent, as the leader of schools, is responsible for providing the support that is absent from state and federal mandates. Ensuring that each student receives an adequate education is the highest priority, and superintendents are the leaders who are critical to meeting this state constitutional requirement.

Conclusion: "What Does It Take to Create High-Performing School Districts, Particularly Ones That Serve All Students Well?"

⁹ Cunningham, W., & Sperry, J. (2001) Where's the beef in administrator pay? *The School Administrator*, 58(20), 32–36.

¹⁰ Mansfield, C., Jobe, M., McCord, R., Jordan, T., & Jordan, K. (2008). *2007 State of the superintendency, mini-survey: Aspiring toward the superintendency*. Arlington, VA: American Association of School Administrators.

¹¹ Nussbaum, D. (2002). Taking the super out of superintendent. *New York Times*. 7 February 2002.

¹² Mansfield, et. al. (2008)

Superintendents orchestrate administrators, faculty, and staff to meet the needs of students and the community on a daily basis. Effective school superintendents know that they need to build capacity, develop relationships around effective learning, and monitor progress toward meeting standards. Research on best practices indicates that the most successful school reform strategies are those that emerge through a process involving the entire school community, where various stakeholders come together to design a strategy that meets the unique situational needs of the district. The best superintendents know that their job is challenging and they need to focus on doing those things every day over a sustained period of time to be effective. Every day, individual superintendents must lead great numbers of students, staff, and schools; negotiate with the teachers unions; and meet the demands of the community and standards set by the state and federal government.

When the pool of qualified school superintendents is shrinking and the stake for students is at its highest, it is critical that districts are given the resources and flexibility to lure the highest qualified leaders for their public schools. The problem is growing. Nationwide, districts report far fewer applicants for superintendent vacancies than they did a decade ago.¹³ Although compensation for superintendents may seem high to some, it is relatively low when compared with leaders in other lines of business responsibilities (e.g., hospital administrators, public and private college presidents, CEOs) and in New Jersey is comparable or equivalent to other states. To ensure that each child in New Jersey has access to a world-class education, it is critical that districts in the state be allowed the discretion to make decisions and remain competitive in the market for the best school leaders available. The children of New Jersey deserve nothing less.

¹³ Mansfield, et. al. (2008)