

# **Charter School CEO Compensation and Turnover**

**The Surprising Factors  
Affecting Our Top Leaders**



Our first-ever study of charter school CEO compensation was launched just before a global pandemic changed everything for these intrepid leaders.

Since the spread of Covid-19, charter school CEOs and boards nationwide have been required to rethink the very nature of the education they provide their students.

Simultaneously, these same CEOs and board members have been rethinking the nature — and strength — of their partnerships. And the data in this study revealed an interesting story.

CEO compensation is important. And largely misunderstood. This study shows that, at face value, what charter school CEOs earn might seem simple. It's largely uniform across states, and even across race and ethnicities. However, we found a surprising disparity in the salaries of women and men in these roles.

Perhaps even more important today is what this study reveals about the board-CEO partnership.

This partnership has always been central to our approach to charter school governance. We've proven and measured how it makes a strong board — and so a strong organization.

But today, the job of a charter school CEO is harder than ever before. And the partnership is more important than ever before.

This data will make clear: a strong partnership between the board chair and CEO, a board that understands the CEO's role well, and a consistent CEO evaluation process, are all good for everyone.

This report shows, at minimum, clear correlations between those elements of the partnership and CEOs earning more, being more likely to have received a pay increase in the past year, and being far less likely to have plans to seek a new role — or to already be in the search.

Finally, the **BoardOnTrack** approach is this:



Just as we do year-round with our members, we're providing you knowledge and giving you the guidance to take action on that knowledge. So that you can drive exceptional results for your organization.

# Why we say CEO

We call the person at the very top of the organization chart the CEO. This is the person who reports directly to the charter school board.

Charter schools come in all shapes and sizes. Likewise, their leaders hold a wide range of titles: Executive Director, Head of School, School Director, Principal, and CEO, to name a few.

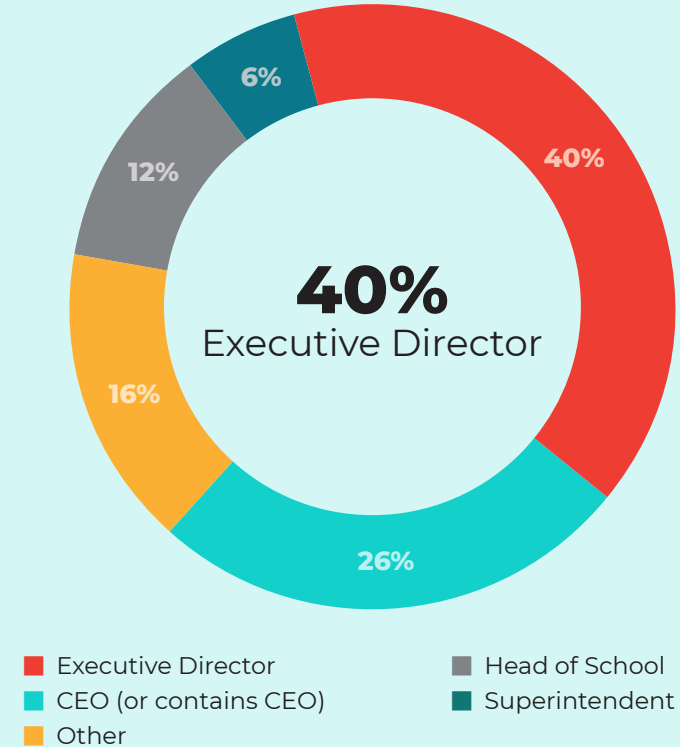
One of our respondents even noted that, “As a charter school leader I am not a CEO, I am an educational leader.”

So why do we call every charter school leader a CEO?

A charter school is a multimillion-dollar public enterprise. Charter school leaders are true Chief Executive Officers, whether they acknowledge it or not. They are not only in charge of the educational program but the organization's finances, facilities, governance, HR and operations.

So we use language to give this role the gravitas that it deserves. We call all school leaders: CEO.

## What CEOs Call Themselves



# Respondents and Methodology

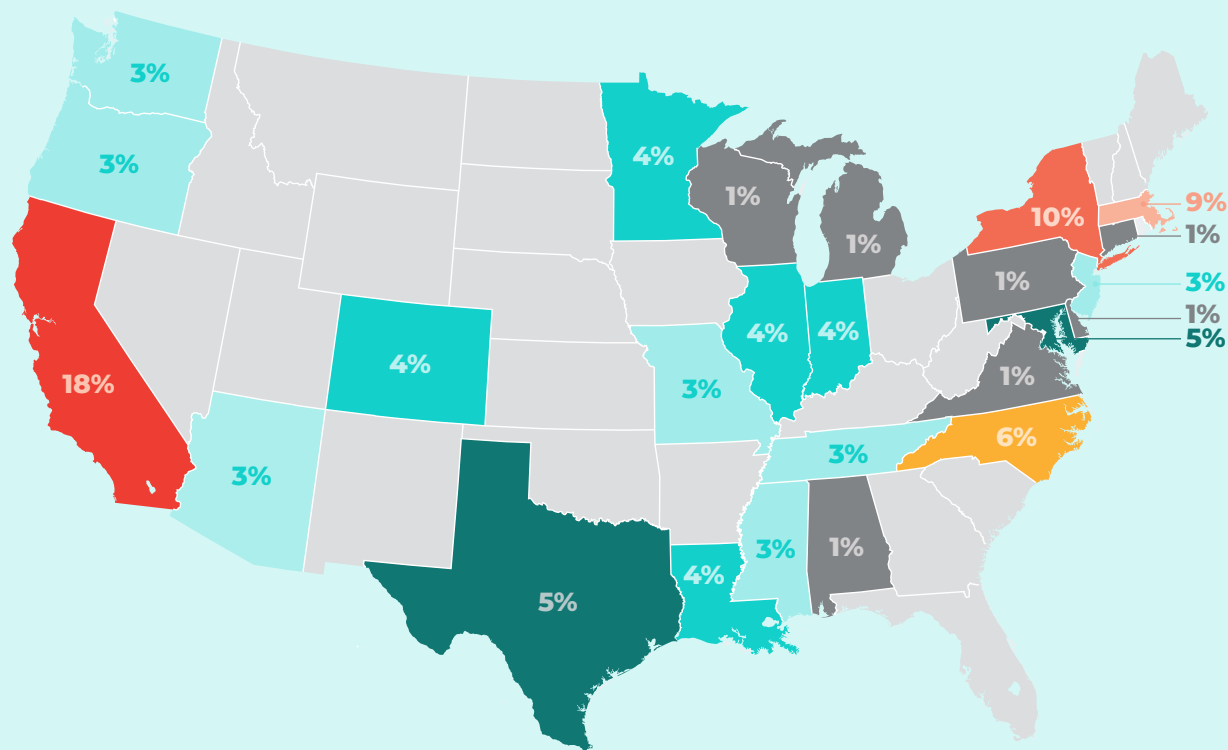
In 2019, we launched a survey open to all charter school CEOs throughout the country. We intend for it to become an annual pulse-check on CEO compensation, job satisfaction, and more.

Our 77 respondents represent a cross-section of today's charter school community.

They lead single-site and multi-school organizations. They're brand new and deeply experienced education leaders. They lead organizations that are [BoardOnTrack members](#), as well as organizations that are not.

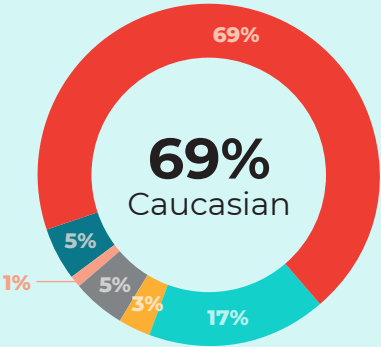
They're remarkably geographically diverse, representing rural and urban communities in 25 states throughout the nation. The largest cohorts hail from California, New York, and Massachusetts.

## Respondents by State



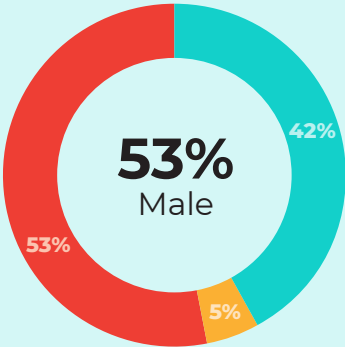
And they're demographically diverse. Nearly  $\frac{3}{4}$  of our respondents identified as Caucasian. The largest portion is in their 40s. And pretty evenly split between those who identify themselves as men vs. women, with slightly more men.

### Ethnicity



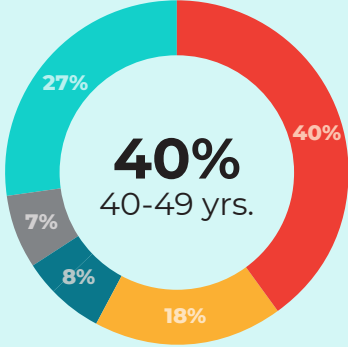
- Caucasian
- Black or African American
- Latino
- Blank
- Asian
- Other

### Gender



- Male
- Female
- Did not respond

### Age Range



- 30-39 yrs.
- 40-49 yrs.
- 50-59 yrs.
- 60-69 yrs.
- Did not respond



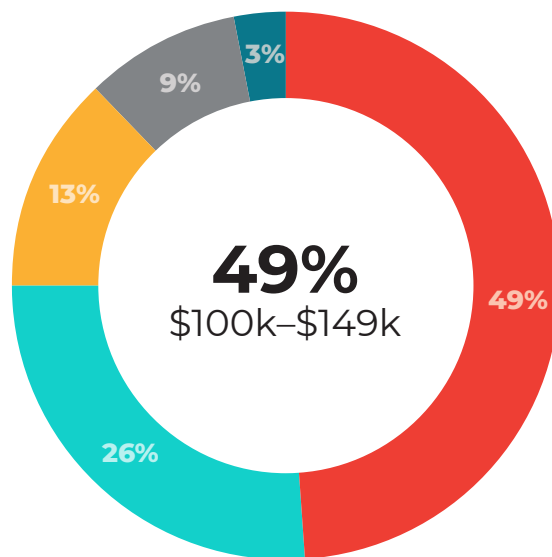
# What charter school CEOs earn today

**At face value, charter school CEOs' compensation nationwide is fairly simple.** Nationwide, the majority of charter school CEOs earn between \$100k and \$199k annually.

**CEOs at networks of schools are far more likely to fall in the higher salary brackets, regardless of location.**

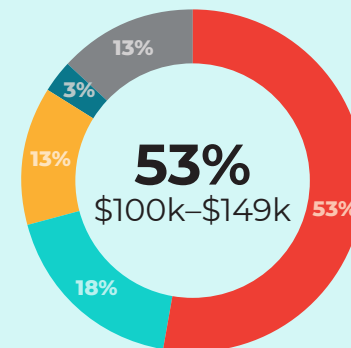
While a good portion of our respondents at single-site schools earn less than \$100k per year, the picture of CEOs at networks of schools is understandably dramatically different.

## Salaries

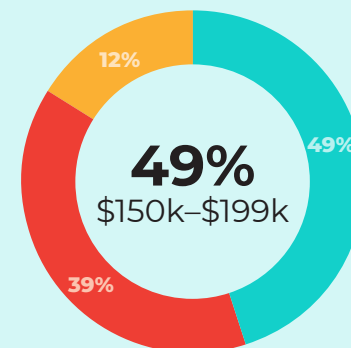


- \$74k or less
- \$75k-\$99k
- \$100k-\$149k
- \$150k-\$199k
- \$200k or more

## Salaries of CEOs at Single-Site Schools



## Salaries of CEOs at Networks of Schools





## Largely, CEOs' salary ranges are evenly distributed across women and men. With one exception.

While none of the women surveyed earn \$200k or more, 13% of the men do.

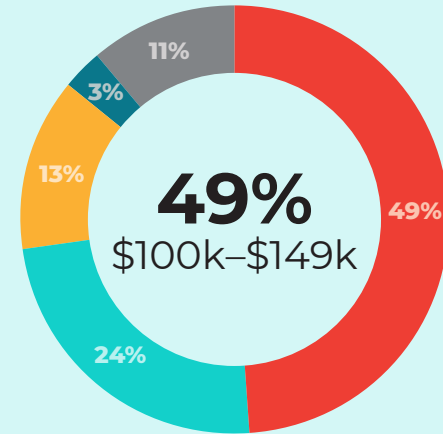
The data appears to show women CEOs hitting a ceiling in the \$150k–\$199k salary range. The percentage of women and men who earn above \$150k is nearly identical.

But, while 35% of women earn \$150k–\$199k, that piece of the pie seems to be split for the men.

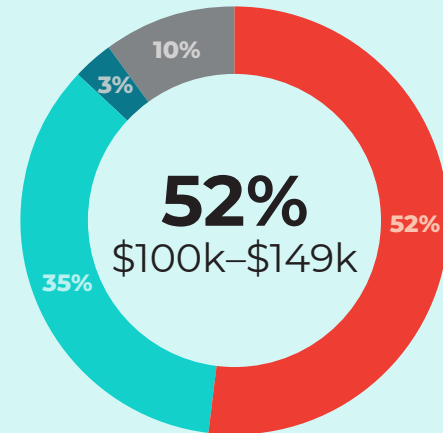
Among the men in our study, 24% earn between \$150k and \$199k; and 13% of them have pulled ahead into the \$200k+ category.

What's more, the number of people earning at this level is split evenly across single-site schools and networks of schools. So, this disparity isn't a result of men being more likely to lead larger organizations.

## Men's Salaries



## Women's Salaries



- \$74k or less
- \$75k–\$99k
- \$100k–\$149k
- \$150k–\$199k
- \$200k or more



## What conclusions can we draw so far?

Due to the limited size and diversity of this year's respondents, more research would be warranted to understand any correlations between CEOs' salaries and gender or ethnicity.

**The results of this research were solidly consistent on one thing: the role that the board-CEO partnership plays in CEO compensation. And, perhaps more importantly today, a CEO's likelihood to look for a new job soon — or to be already looking.**



# CEOs who partner effectively with their boards earn more

Where CEOs report a stronger partnership with their board, a board that better understands their role, and a consistent CEO evaluation, they also report higher salaries.

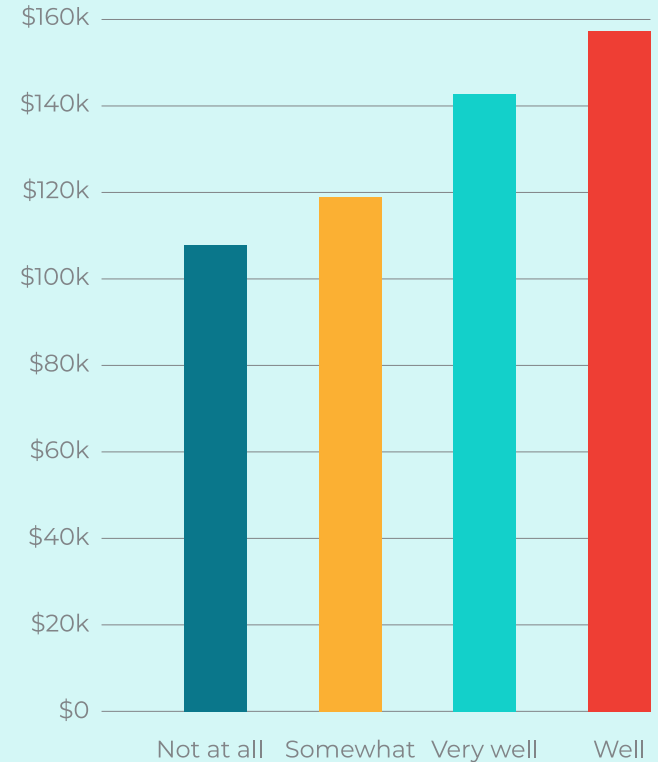
## Overall salaries grow with the board's understanding of the role

CEOs whose boards understand their role well or very well are far more likely to be in the highest salary brackets.

The average salary of CEOs whose boards understand their role well or very well is clearly higher than those whose boards somewhat understand the role — or don't at all.

What's more, among CEOs whose boards understand their role well or very well, 89% earn \$100k or more. And, the only CEOs who earn \$200k or more report their boards understand their role well or very well.

## Average CEO Salary by Board Understanding of CEO's Role



## Overall salaries grow with consistent CEO evaluation processes

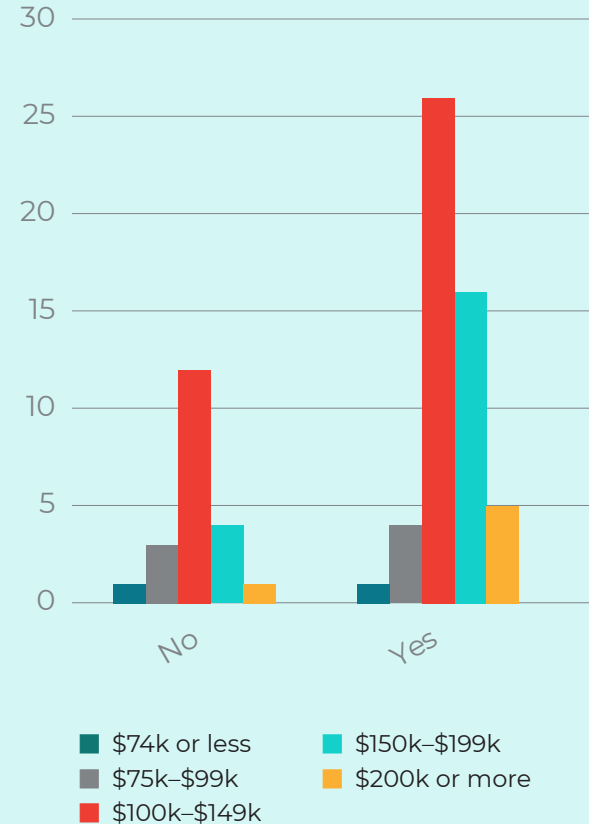
CEOs are more likely to fall in the \$100k+ range if their board follows a consistent CEO evaluation process.

Among the 77 respondents, 68% said they do follow a consistent process. 27% said they did not, and 5% declined to answer.

And the difference increases as salaries increase. A full 90% of CEOs who have a consistent CEO evaluation earn at this level.

While 10% of CEOs who have a consistent process earn at the \$200k+ level, only 5% of CEOs without a consistent process are at that level. What's more, it seems CEOs whose boards don't follow a consistent CEO evaluation are twice as likely to fall below the \$100k salary mark (20% of those who don't have a consistent process).

## Salaries of CEOs Who Have a Consistent CEO Evaluation Process vs. Those Who Don't



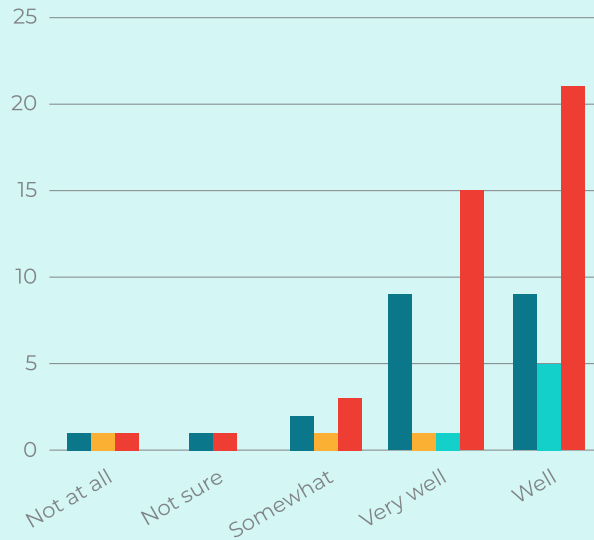
## CEOs whose boards understand their role are more likely to have received pay increases

There's a clear correlation between CEO's who'd already received a pay increase this school year and those who believe their boards understand their role well or very well.

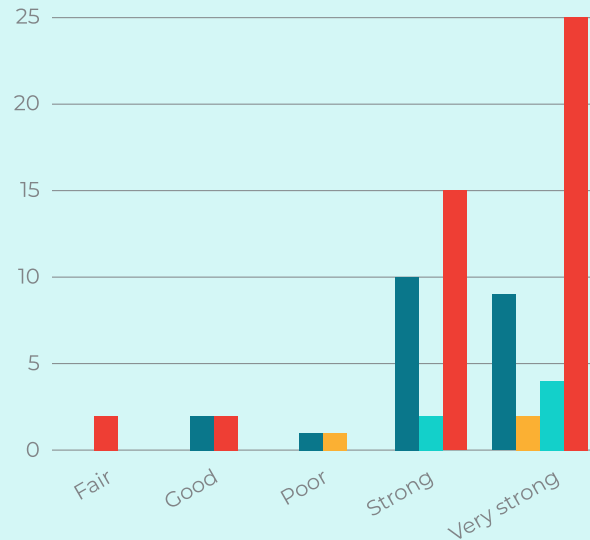
Same is true for those who've received a pay increase and have a strong partnership with their board chair

Same is true for those who've received a pay increase and those who follow a consistent CEO eval process

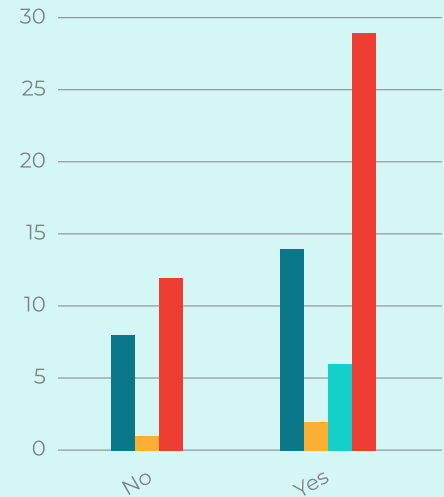
### Does the Board Understand Your Role?



### Do You Have a Strong Partnership with the Board Chair?



### Do You Follow a Consistent CEO Evaluation Process?



Respondents who have received a pay increase

■ No    
 ■ Not yet, and I'm not sure I will    
 ■ Not yet, but I expect it    
 ■ Yes

# CEOs with a strong board-CEO partnership are far less likely to have plans to leave

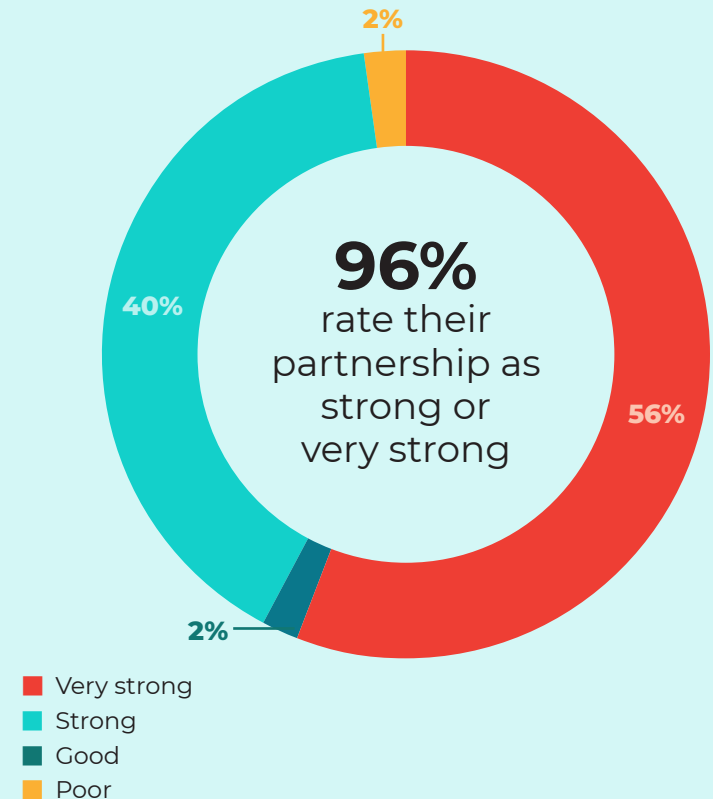
Nearly every CEO who reported not being likely to look for a new job had two things in common: a board that understands their role and a strong partnership with their board chair. In fact:

- 92% of CEOs who are not likely to look for a job say their boards understand their role well.
- 96% of CEOs not likely to look for a job say they have a strong or very strong partnership with the chair.

What's more, 25% of those who said they're somewhat or very likely to look for a new job rated their partnership with their chair as poor, fair, or just good.

## CEOs Who Are Not Likely to Look for a New Role in the Next Year

Nearly every CEO who rates their partnership with their board chair as strong or very strong is **not** likely to look for a new role in the next year.



If you need to strengthen your board-CEO partnership, start with two things: goals and an annual CEO evaluation. Set clear goals for your board and for your CEO; actively track your progress through the year. And, if you don't already, run an annual CEO evaluation as part of a year-round CEO support and evaluation practice.

## Knowledge + Action = Results

Take our Board Goals email course


How To Strengthen Your Board-CEO Partnership



# What's standing in the way of boards understanding their CEOs' roles well?

CEOs who aren't confident about how well their boards understand their roles cite board members who:

- are not educators themselves
- struggle to grasp the governance-management line
- don't understand the CEO's role beyond the general idea of being top executive
- aren't unified: some board members understand better than others
- haven't evolved alongside the increasing complexity of multi-site or growth-mode organizations



They understand the broad picture that I oversee all aspects of the school, but couldn't speak to anything specific I do.

They understand that there is a lot that goes into running a school district but I don't feel that they understand all of the nuances that are required with the communication between contract partners.

They see themselves as managers.

## Inclusion of certain internal stakeholders on the board further challenges the board's understanding of the CEO role.

Across the spectrum, CEOs whose boards don't understand their role well to those who do, noted this trend. Boards comprised of current parents or teachers experience friction between the board and CEO, and board members struggle even more to truly understand the CEO's role.

This was noted for boards made up either in part or primarily of such internal stakeholders.

For instance, according to one CEO: "Most [board members] are parents of the school so there are times they struggle with board vs. parent roles." This is one of many reasons why **BoardOnTrack** [cautions against including parents or other current internal stakeholders as board members.](#)

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## CEOs whose boards understand their role well still find board turnover to be a challenge.

Effective onboarding — and [building a deep bench](#) of non-board committee members — are vital to maintaining a strong governance team even amid board member turnover.

Our board has experienced turnover and I am not certain that they all understand my role in the way that our original board did. I must do some training for them.

Half of the board is new within the last year.

We have new board members that do not know their role well.

# Five key differences among boards who understand the CEO's role very well.

The ample descriptors from these CEOs revealed five key factors among boards who understand their CEOs' roles well:

1. **Partnership** — Excellent board-CEO communication and strong partnership between the CEO and Board Chair
2. **Proactive Practices** — [BoardSavvy CEO practices](#) that proactively guide the board to be a strategic partner
3. **Training & PD for the Board** — Training & PD to help boards work as [effective governance teams](#) with CEO and staff
4. **CEO Goals** — The CEO's goals are clear and the board understands them
5. **Governance-Management Line** — The board understands the governance-management line; they're clear on the board's role and how it relates to and differs from the CEO's role, and there are solid policies and procedures that [clarify governance and management roles](#)



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Using consistent communication strategies has allowed me to involve significant and impactful board communications for active decision-making support.

## Now is the time to strengthen your board-CEO partnership.

A leadership transition is the greatest test of any governance team. But such transitions will be especially challenging amid the pandemic.

So, while it's something an organization must be prepared for, it's also something the board and CEO can take steps to stave off.

Assuming your CEO is a good fit for your organization, now is not the time to lose them to greener pastures.

Board members and CEOs alike: follow the lead of the CEOs whose boards understand their role well. Engage in these five key practices: build partnership, proactively guide the board, provide training and PD for the board, set CEO goals, and meticulously manage the governance-management line.

Take steps now to ensure your CEO and board chair have a strong partnership, and that your full board clearly understands your CEO's role, your board's expectations of them, and the challenges they face.

Start with our guide to being a BoardSavvy CEO

# A consistent CEO evaluation strengthens the board-CEO partnership

We found strong correlations between a consistent CEO evaluation process and stronger board-CEO partnership, stronger board understanding of the CEO's role, and even higher CEO compensation.

71% of CEOs who experience a consistent CEO evaluation process say they're not likely to look for a new role in the near future.

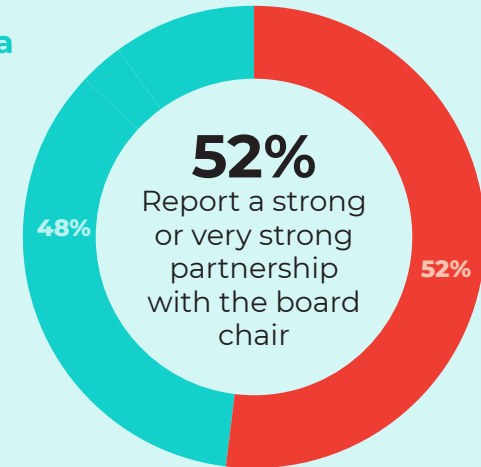
CEOs whose boards follow a consistent evaluation process are far more likely to report the board understands their role well or very well. And as we've seen in the above data, how well a board understands the CEO role has direct correlation to CEO's likelihood of leaving and even their earning potential.

**CEOs whose boards follow a consistent evaluation process are far more likely to report their partnership with their board chair is strong or very strong.**

CEOs Not Likely to Look for a New Role



CEO With a Consistent Evaluation Process



■ Yes  
■ No

## **A solid CEO evaluation process may be especially important to ensure boards make responsible compensation decisions.**

Charter schools rely on data to raise the bar in every aspect of their organizations, from staffing to academic excellence. The board — and the board-CEO partnership — should be no different.

Add to that the fact that most charter school board members do not have academic backgrounds.

Boards need to make decisions led by clear data — both regarding compensation benchmarks and metrics of CEO's performance.

Yet, nearly 25% of respondents said that their board had not hired a compensation consultant or performed a compensation study to guide CEO compensation in the last three to five years. And fewer than 10% of respondents had leveraged other third-party data in setting compensation.

At minimum, a consistent, road-tested CEO evaluation process provides the board and CEO with a transparent, data-driven approach to driving compensation discussions and decisions.

If you haven't already, [start by forming a CEO Support and Evaluation Committee](#). Select the right CEO evaluation tool for your organization.



# What's standing in the way of a consistent evaluation process in many charter schools?

By far, the most common reason CEOs give for not having a consistent process for their own evaluation is that the board hasn't created a process for them.

This is an area where CEOs can and should take the lead in facilitating the board's capabilities.

Bring your desired process to your board. Or, at the least, spark the conversation with your board chair that you'd like to work with them to research options and select a process.

They won't do it without your guidance. But, with you to show them the way and provide them the tools, they will pick it up and run with it. You will all be better off.



# Here's what CEOs tell us is standing in the way of their boards engaging in a consistent evaluation process.

12% say...

The board runs the evaluation inconsistently; it's different year to year, or doesn't happen every year.

33% say...

The board hasn't defined a consistent process, or is just beginning to define one.

14% say...

This is our first year with a process; I can't say how consistent it'll be.

11% say...

The board hasn't prioritized this as a main function.

11% say...

We're in our founding year, the board is still figuring things out.



# Knowledge + Action = Results

This study clearly shows the correlation between a stronger board-CEO partnership and both CEO compensation and retention.

Take a pulse-check of your own board-CEO partnership. Consider how you might remove the barriers to the board's understanding of the CEO's role, running a consistent CEO evaluation process, or improving the board chair's partnership with the CEO.

And, if you need a partner, we're here to help.

**BoardOnTrack.com**



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## About BoardOnTrack

**BoardOnTrack** empowers charter school boards to deliver exceptional results.

We equip trustees with a powerful combination of data and proven practices to govern for growth, without drowning in the details that form the underpinnings of good governance.

We enable charter school CEOs and senior staff to leverage their boards as strategic governing partners, without turning board management into {yet another} full-time job.

**BoardOnTrack** members include hundreds of high-performing charter schools and charter management organizations throughout the nation.

In short, **BoardOnTrack** simplifies board governance. We provide all that your board needs to help deliver on your charter promises, all in one place.