

PRINCIPAL PAY IN NORTH CAROLINA

Aligning Compensation Strategies
with Student Success

A Policy Brief by BEST NC



2026



Principal Pay in North Carolina

Aligning Compensation Strategies with Student Success



It is difficult to envision an investment in K-12 education with a higher ceiling on its potential return than improving school leadership.¹

The Wallace Foundation



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Acknowledgment

Great school leadership is a cornerstone of educational improvement, and North Carolina is leading the nation with two bold strategies to recruit, prepare, support, and retain exceptional principals: the New North Carolina Principal Fellows Program and a modernized approach to principal compensation.

In 2016, recognizing that North Carolina ranked near the bottom nationally in principal pay, policymakers set out not only to raise compensation but to ensure that new investments strengthened the recruitment and retention of highly effective school leaders. At the time, little research existed on how to structure principal pay in ways that would drive better outcomes. To fill this gap, state leaders turned to the business community, seeking insight into how other sectors attract, reward, and retain top executive talent. Interviews and surveys with dozens of business leaders and human resource professionals informed the development of a new compensation model—one designed to value performance, responsibility, and the complexity of leadership roles. The result is a principal pay strategy that is helping North Carolina retain its strongest principals and attract them to higher-need schools.

Since 2017, North Carolina’s principal pay strategy has more closely aligned compensation with the varying demands of leading different types of schools, while meaningfully increasing pay for principals who excel in their roles. This work reflects the collective efforts of policymakers, business leaders, school and district leaders, and education advocates who helped design, advance, and sustain this approach. We are also grateful to Breawna Power Eaton for her work documenting this important education strategy.

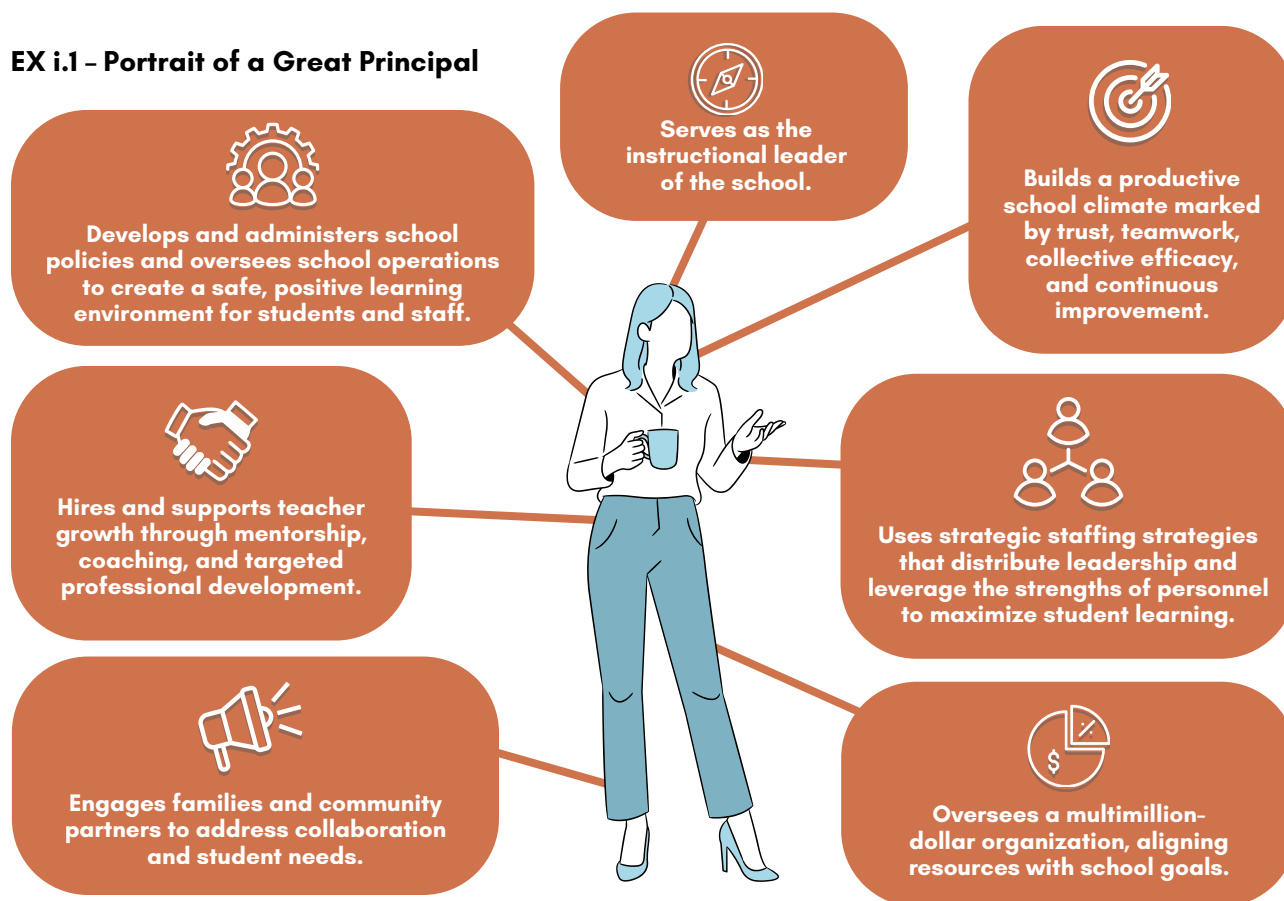
INTRODUCTION



Improving low-performing schools and elevating excellence across all schools are complex but essential goals for ensuring that every North Carolina student is prepared for postsecondary success and the demands of a rapidly changing economy. These ambitions require strong curricula, effective teaching, sound policy, community engagement, and adequate resources. Yet across all of these domains, one factor consistently rises to the forefront: the presence of a highly effective principal. Research from both the business and K-12 sectors reinforces a truth long understood but too often ignored in policy: Principals are not merely operational managers.² They are the pivotal force shaping school culture, instructional quality, teacher retention, and — ultimately — student achievement.³

Despite this well-documented reality, the education sector has historically lagged far behind other industries in its efforts to recruit, prepare, support, and retain exceptional leaders. As one business-funded study found when comparing human capital systems across 11 major industries,⁴ the education sector was “the least likely to strategically and purposively work to secure outstanding talent.”⁵ While the private sector invests heavily in leadership pipelines, executive compensation structures, and rigorous talent management systems, public education has struggled to align policy and practice around the centrality of school leadership. In North Carolina, these shortcomings were compounded by an uncompetitive principal pay structure, outdated compensation assumptions, and a lack of statewide strategy. Collectively, these factors weakened the leadership pipeline; undermined school stability; and deprived students of the consistent, high-quality leadership required for sustained improvement.

EX i.1 – Portrait of a Great Principal



Source: *North Carolina Standards for School Executives*

North Carolina's experience illustrates both the urgency of reform and the promise of getting principal compensation right. Beginning in 2016, state leaders undertook a significant overhaul of the principal pay system — raising salaries, modernizing an outdated structure, and explicitly recognizing principals as executive leaders responsible for complex organizations. These reforms marked a clear departure from decades of stagnation and sent an important signal: School leadership matters, and it is worth investing in.

Early results have been encouraging. Principal pay increased substantially, retention improved among the most effective leaders, and high-need schools became more competitive in attracting proven principals. In several cases — most notably through targeted initiatives like the Principal Recruitment Supplement Program — schools that had struggled for years demonstrated rapid academic improvement under stable, high-quality leadership.

At the same time, the work remains unfinished. Today's principals routinely manage organizations comparable in scale to mid-sized enterprises — overseeing an average staff of roughly 50 employees and stewarding annual budgets that often exceed \$5 million — yet elements of the compensation system still fall short of fully reflecting the complexity, duration, and sustainability required for long-term school improvement. Understanding both what the state fixed and what remains to be refined is essential to ensuring that every North Carolina school benefits from strong, sustained leadership.

This report will document North Carolina's efforts from 2016 to 2020 to dramatically increase and transform the principal pay structure, focusing on how this important funding lever can best be used to improve student outcomes. While tremendous progress was made toward a student-focused principal pay plan, more can be done to ensure it is well aligned with best practices for compensating executives. Accordingly, this report also includes a robust set of recommendations to build upon and strengthen North Carolina's nation-leading school leadership reforms.





I. THE PROBLEM: PRINCIPAL PAY AS OF 2016



By the year 2016, North Carolina's principal pay system had become increasingly disconnected from the state's goals for school improvement and education equity. The compensation structure relied on outdated assumptions about leadership effectiveness, prioritized tenure and credentials over student impact, and failed to account for the complexity of leading high-need schools. These design flaws produced predictable outcomes:

- Principal pay in North Carolina was among the lowest in the nation;
- The outdated pay schedule incentivized leadership transitions;
- Harmful effects concentrated in higher-poverty and higher-need schools;
- False assumptions about experience and education shaped the compensation model;
- Outdated compensation models came with high cost; and
- Leadership instability undermined long-term school success.

Out of an interest in increasing principal pay and examining improved strategies for paying principals, the North Carolina General Assembly established the Joint Legislative Study Committee on School-Based Administrator Pay in 2016 (referred to herein as “**2016 Principal Pay Committee**”) (see Appendix A). The findings were predictable: high turnover, misaligned incentives, inequitable distribution of effective principals, and long-term stagnation in many low-performing schools. Understanding these problems in depth is essential for appreciating the significance of the 2017-2020 reforms and the ongoing work still required to ensure strong leadership in every North Carolina school.

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Your system – any system – is perfectly designed to obtain the results it is obtaining. If you don't make fundamental changes in how the system operates, you're going to get those same results year in and year out.

*Dr. Steve Tozer, Professor of Educational Policy Studies, University of Illinois at Chicago,
Addressing the Existing Principal Compensation Structure to the Joint Legislative
Committee on School-Based Administrator Pay, October 2016*

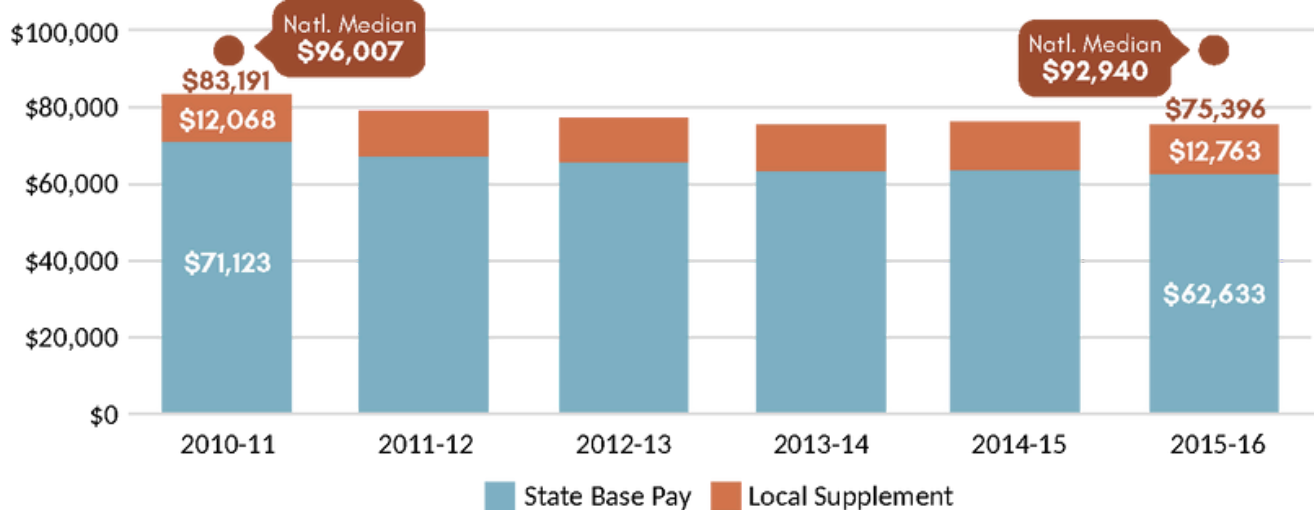
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➤ **Principal Pay in North Carolina was Among the Lowest in the Nation**

North Carolina's challenges in school leadership pay did not arise overnight. For decades, like every other state in the nation, North Carolina operated a principal salary schedule that was fundamentally misaligned with the modern responsibilities, expectations, and impact of school leaders. What was unique in North Carolina was that principal pay declined significantly following the Great Recession⁶ to among the lowest in the nation.⁷

Adjusted for inflation, the average salary (including local supplements) for school administrators declined by approximately 10% between 2010-11 and 2015-16.⁸ Over this period, principals in North Carolina saw their inflation-adjusted earnings fall from \$83,191 to \$75,396 in 2016 dollars – a loss of nearly \$10,000 (see Ex. I.1). This long-term erosion in pay placed North Carolina at a severe competitive disadvantage, not only relative to neighboring states but also relative to other career pathways available to talented educators.

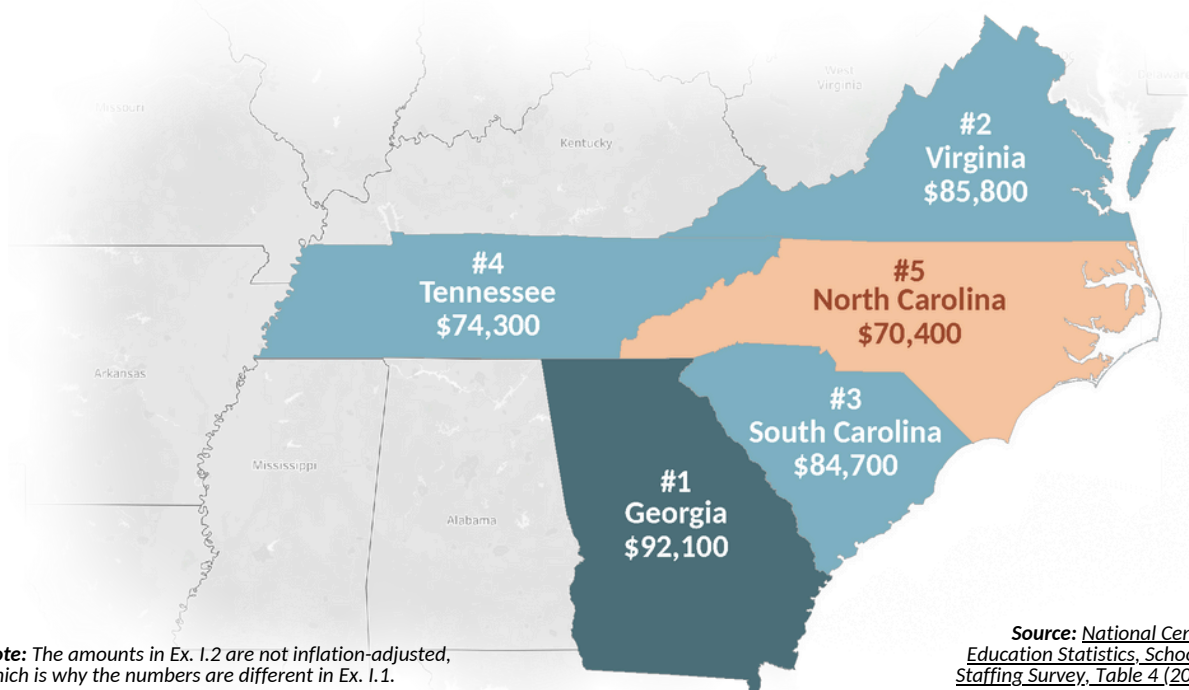
EX I.1 – Average North Carolina Principal Salaries, Inflation Adjusted to 2016 Dollars (2010-11 to 2015-16)



Source: U.S. Bureau of Labor Statistics, *Occupational Employment and Wage Statistics (OEWS) Tables*; NC DPI Statistical Profile, Table 20; NC DPI Highlights of the Public School Budget (2011); NC DPI Highlights of the Public School Budget (2016).

In 2015-16, North Carolina principals earned an average state-funded salary of \$62,633, supplemented by an average local supplement of \$12,763, for a combined average salary of \$75,396 (or \$80,563 adjusted for inflation). National rankings placed North Carolina last in the nation.¹⁰ Regionally, the picture was starker. Principal pay data for each state are not available annually, but in 2011-12, North Carolina's average principal pay ranked last¹¹ among surrounding states:

EX I.2 – Average Nominal Principal Pay in Surrounding Region (2011-12)



Note: The amounts in Ex. I.2 are not inflation-adjusted, which is why the numbers are different in Ex. I.1.

Source: National Center for Education Statistics, *Schools and Staffing Survey, Table 4 (2011-12)*.

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If we're 50th in the nation, what we're doing isn't the best way to go about getting the best principals in the best location, and that's what we're trying to do.

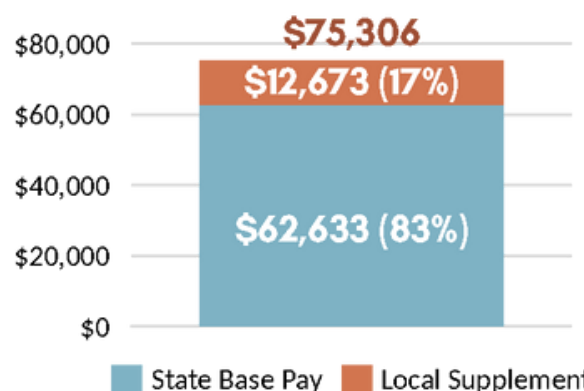
Senator Jerry Tillman in an Opening Address to the Joint Legislative Study Committee on School-Based Administrator Pay, October 2016

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State leaders and principals alike expressed concern that low compensation created significant recruitment and retention problems.¹² Principals shoulder enormous responsibility — serving as instructional leaders, managing multimillion-dollar budgets, developing staff, overseeing compliance, and functioning as the central link between the school and its surrounding community. Yet North Carolina's principal pay structure did not reflect this level of responsibility, nor did it recognize principals' pivotal role in influencing teacher quality, school culture, and student achievement. In many cases, talented teachers could earn more by remaining in the classroom, especially in districts with strong local supplements for teachers but weaker supplements for administrators.¹³ This inverted pay structure discouraged promising educators from entering principal licensure programs and moving into school leadership.

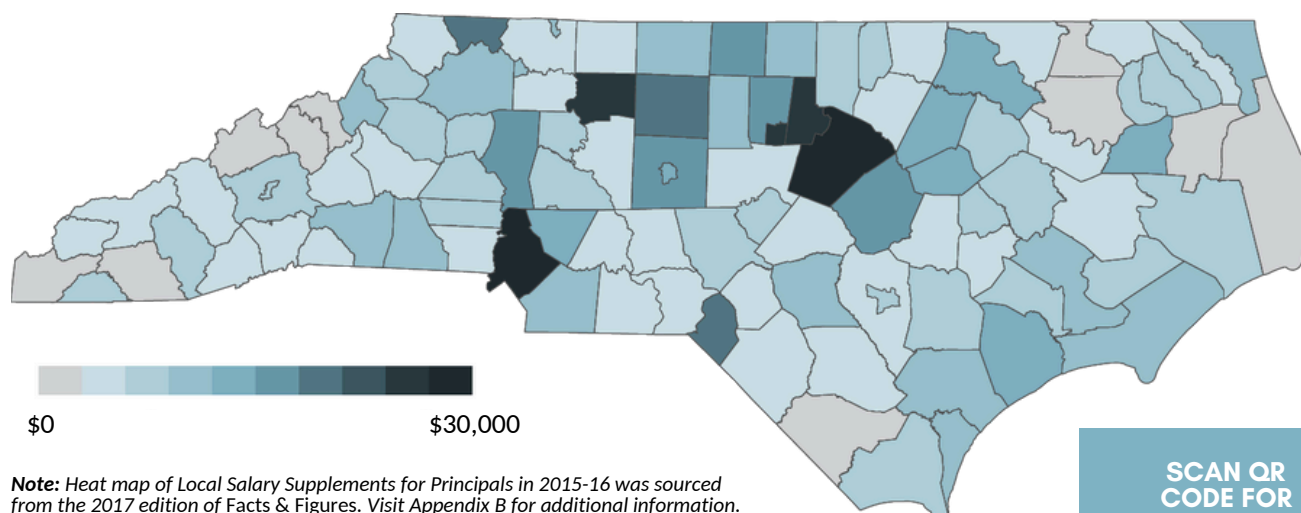
Furthermore, many districts — particularly those in rural or high-poverty areas — lacked the fiscal capacity to offer competitive local supplements, exacerbating inequities between communities. Local principal salary supplements ranged from \$0 in ten districts to \$30,000 (see Exhibit I.4 below),¹⁴ effectively creating two tiers of principal compensation across the state: one for wealthier districts able to recruit from across North Carolina, and one for high-poverty districts forced to hire from a smaller, more constrained talent pool.

EX I.3 – Average North Carolina Principal Pay, by Funding Source (2015-16)



EX I.4 – Average Local Salary Supplement for K-12 Principals in Traditional Public Schools, by District (2015-16)

Source: NC DPI Statistical Profile, Table 20; NC DPI Highlights of the Public School Budget (2016).



Source: NC DPI Statistical Profile, Table 20 (2015-16)

SCAN QR
CODE FOR
INTERACTIVE
ONLINE MAP



➤ The Outdated Pay Schedule Incentivized Leadership Transitions

One of the most significant flaws in North Carolina's pre-2017 principal salary structure was its reliance on a century-old step-and-lane model based on years of experience and the number of state-funded teachers.¹⁵ This approach, once common across many professions, is almost unheard of today outside of education — and for good reason. It reflects neither contemporary leadership expectations nor evidence about what drives effectiveness.

EX I.5 – North Carolina Traditional Public School Principal Monthly Salary Schedule, Principal Level VII (FY2016-17)

Principal VII: 66 – 100 Teachers Effective July 1st, 2016

Combined Years of Exp	Schedule/ Pay Level	Base Monthly Salary	Base + 1% Monthly Salary	Base + 2% Monthly Salary	Base + 3% Monthly Salary	Base + 4% Monthly Salary	Base + 5% Monthly Salary	Base + 6% Monthly Salary
0-22	0-21	\$5,415	\$5,469	\$5,523	\$5,577	\$5,632	\$5,686	\$5,740
23	0-22	\$5,469	\$5,523	\$5,577	\$5,632	\$5,686	\$5,740	\$5,794
24	0-23	\$5,523	\$5,577	\$5,632	\$5,686	\$5,740	\$5,794	\$5,848
25	0-24	\$5,577	\$5,632	\$5,686	\$5,740	\$5,794	\$5,848	\$5,902
26	0-25	\$5,632	\$5,686	\$5,740	\$5,794	\$5,848	\$5,902	\$5,956
27	0-26	\$5,686	\$5,740	\$5,794	\$5,848	\$5,902	\$5,956	\$6,010
28	0-27	\$5,740	\$5,794	\$5,848	\$5,902	\$5,956	\$6,010	\$6,064
29	0-28	\$5,794	\$5,848	\$5,902	\$5,956	\$6,010	\$6,064	\$6,118
30	0-29	\$5,848	\$5,902	\$5,956	\$6,010	\$6,064	\$6,118	\$6,172
31	0-30	\$5,902	\$5,956	\$6,010	\$6,064	\$6,118	\$6,172	\$6,226
32	0-31	\$5,956	\$6,010	\$6,064	\$6,118	\$6,172	\$6,226	\$6,280
33	0-32	\$6,010	\$6,064	\$6,118	\$6,172	\$6,226	\$6,280	\$6,334
34	0-33	\$6,064	\$6,118	\$6,172	\$6,226	\$6,280	\$6,334	\$6,388
35	0-34	\$6,118	\$6,172	\$6,226	\$6,280	\$6,334	\$6,388	\$6,442
36	0-35	\$6,172	\$6,226	\$6,280	\$6,334	\$6,388	\$6,442	\$6,496
37	0-36	\$6,226	\$6,280	\$6,334	\$6,388	\$6,442	\$6,496	\$6,550
38	0-37	\$6,280	\$6,334	\$6,388	\$6,442	\$6,496	\$6,550	\$6,604
39	0-38	\$6,334	\$6,388	\$6,442	\$6,496	\$6,550	\$6,604	\$6,658
40	0-39	\$6,388	\$6,442	\$6,496	\$6,550	\$6,604	\$6,658	\$6,712
41	0-40	\$6,442	\$6,496	\$6,550	\$6,604	\$6,658	\$6,712	\$6,766
42	0-41	\$6,496	\$6,550	\$6,604	\$6,658	\$6,712	\$6,766	\$6,820
43	0-42	\$6,550	\$6,604	\$6,658	\$6,712	\$6,766	\$6,820	\$6,874
44	0-43	\$6,604	\$6,658	\$6,712	\$6,766	\$6,820	\$6,874	\$6,928
45	0-44	\$6,658	\$6,712	\$6,766	\$6,820	\$6,874	\$6,928	\$6,982
46+	0-45	\$6,712	\$6,766	\$6,820	\$6,874	\$6,928	\$6,982	\$7,036

Major Gaps in Pay

Under the previous salary schedule, two equally talented principals running the exact same school could have a pay difference of \$40,000 to do the exact same job.

Source: [North Carolina Public School Personnel, Employee Salary and Benefits Manual 2016-17](#)

Under the previous model, a principal's pay increased primarily when they moved to a school with a greater number of state-funded teaching positions.¹⁶ This created a powerful incentive for principals to leave the schools where they were most effective and move to larger schools, even if those schools were less aligned with their strengths or leadership styles. A principal who excelled in the relational context of a small elementary school had a strong financial incentive to leave that environment for a medium or large middle or high school — even when this movement disrupted school stability and offered no guarantee of continued success at the new site.

Because the number of state-funded teachers was the primary determinant of “school size,” this pay structure was decoupled from student need and misaligned with school complexity. It encouraged movement for the sake of movement, not for improved outcomes. As the 2016 Principal Pay Committee testimony emphasized repeatedly, the structure inadvertently created one of the highest principal turnover rates in the country.¹⁷ North Carolina had among the nation’s lowest averages for the number of years principals remained in the same school, reflecting a pattern of mobility driven not by strategy but by misaligned incentives.¹⁸

This problem was further exacerbated by the fact that the previous pay schedule included over 1,500 possible pay steps for only 2,400 principals,¹⁹ making it confusing, opaque, and nearly impossible for districts to plan or explain. Principals often did not know how their compensation would change with an assignment shift, and districts found it equally difficult to predict or model compensation scenarios. As Director of School Business for the NC Department of Public Instruction Alexis Schauss noted in her presentation, the system was “unwieldy and difficult to understand,” and it could “take nearly four decades to reach the top of the pay scale” (see Appendix A for images of the old pay schedule).²⁰

The result was a structure that systematically rewarded mobility while discouraging long-term investment in a single school. Instead of incentivizing stability, relationship building, and sustained improvement — which research confirms requires at least five years²¹ — the structure encouraged principals to chase higher-paying positions by moving to larger schools. This led to high turnover even in schools where principals were thriving, and it prevented many from investing deeply in the long-term improvement efforts needed to build strong instructional cultures.

Harmful Effects Were Concentrated in Higher-Poverty and Higher-Need Schools

Perhaps the most damaging consequence of the outdated pay structure was its disproportionate impact on the schools serving North Carolina’s highest-need students. Because “school size” for pay purposes was determined by the number of state-funded teachers, schools with substantial federal funding — including many Title I schools — often appeared “smaller” on the salary schedule than they were.²² A Title I school with 850 students, 75 teachers total, and 20 federally funded teaching positions might be classified as smaller than a 650-student school with fewer federally funded positions. Even though the Title I school was more complex, served students facing greater structural barriers, and had larger staff teams overall, its principal would be paid less.

This problem was especially acute for schools serving high proportions of students experiencing poverty, English learners, students with disabilities, and students with a history of academic underperformance. These schools require principals with exceptional instructional knowledge; strong cultural competence; and the ability to implement complex, multi-tiered systems of support. Yet the outdated pay schedule financially discouraged strong principals from taking or remaining in these roles.²³

The resulting phenomenon, known as principal sorting, meant that the most effective principals were less likely to lead the schools that needed them most.²⁴ Research has shown that effective principals, as measured by supervisor evaluations, teacher survey data, and licensure exam scores, are unevenly distributed. More experienced or higher-performing principals tended to work in lower-poverty schools, while higher-poverty schools disproportionately employed less experienced or less effective principals. The outdated pay structure amplified this pattern by making high-need schools less financially attractive. In effect, the compensation model created a leadership distribution that ran counter to the state’s educational goals.

This archaic pay structure penalized districts that used strategic staffing models designed to place high-quality teachers where they were most needed. Because these models often included

supplemental or federally funded teaching positions, they unintentionally reduced the number of “state-funded” teachers counted for principal pay. Thus, districts that were trying to innovate were financially penalized for doing so.

The combination of these structural inequities created significant barriers to improvement in the schools most in need of stable, effective leadership. Students in these schools often entered with lower proficiency levels, greater social-emotional needs, and higher rates of mobility. Teachers in these schools experienced greater instructional challenges and higher burnout. These factors required principals who were not only skilled instructional leaders but also strong managers and culture-builders — yet the compensation system did little to recruit or retain such leaders in the schools where they could have the most significant impact.

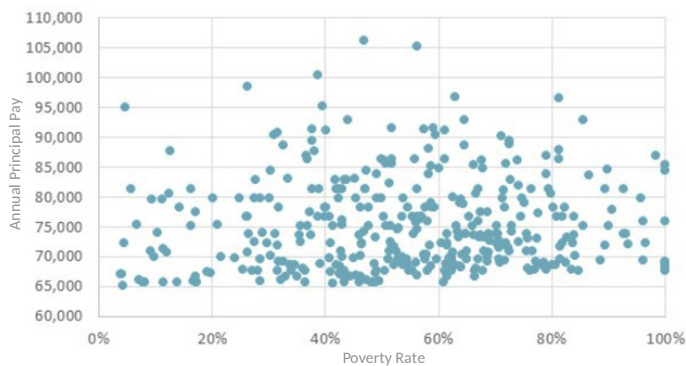
➤ *False Assumptions About Experience and Education Shaped the Compensation Model*

For decades, North Carolina’s principal pay structure was built on the assumption that experience and advanced degrees were reliable indicators of principal effectiveness. This assumption was not merely outdated; it was contradicted by the state’s own data. A BEST NC analysis of North Carolina principal performance data from 2015 to 2019 found no correlation between years of experience and student growth. ²⁵ Whether measuring experience as a principal, years in education, or years as a teacher, the analysis concluded that experience was not a meaningful predictor of school performance.

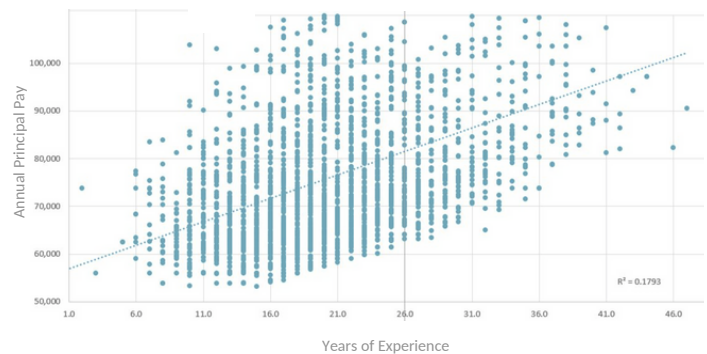
EX I.6 – Relationships Between Student Need, Principal Qualifications, and Principal Pay

BEST NC studied the old principal pay schedule and found the following:

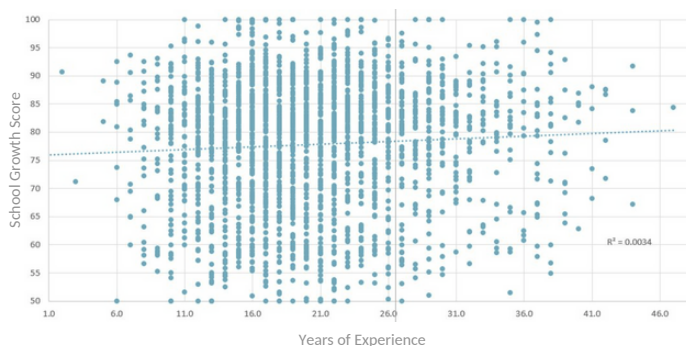
1. There was no relationship between principal pay and student need.



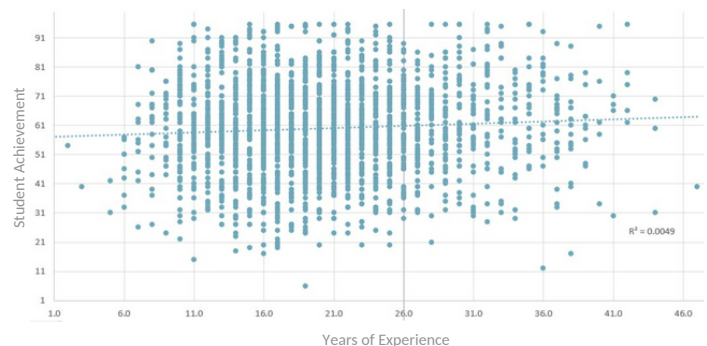
2. There was a relationship between principal pay and years of experience.



3. There was no relationship between growth and years of experience.



4. There was no relationship between student achievement and years of experience.



Source: NC DPI (Data Request)

In other words, while there was a strong relationship between principal pay and years of experience, there was no correlation between years of experience with student growth or achievement. Meanwhile, there was no correlation between principal pay and student need, further demonstrating that the pay schedule was not student focused.

In fact, an analysis of principal pay revealed that many high-growth schools were led by principals with relatively few years of leadership experience. More than half (51%) of the schools that exceeded growth were led by principals with five or fewer years of experience,²⁶ and more than a quarter of principals statewide had less than three years of experience — yet these newer principals accounted for more than a quarter of the schools that exceeded growth.

While a slightly higher percentage of very experienced principals (16+ years) also led schools that exceeded growth, their small representation in the workforce meant that longevity could not meaningfully explain overall success. In short, the assumption that experience equated to effectiveness was unsupported by evidence.

Under North Carolina's former principal pay structure, it could take nearly four decades for a school leader to reach the top of the pay scale. This outdated model had real consequences with highly effective early-career principals earning as much as \$40,000 less than less effective but more senior peers — for doing the same work. The result was a compensation system that rewarded longevity over effectiveness and weakened the state's ability to prevent its most promising rising leaders from being recruited away to other states or industries.

The outdated pay model also rewarded principals for earning advanced degrees, despite research showing only mixed or marginal effects of advanced credentials on leadership effectiveness. Meanwhile, the model provided no compensation for the actual impact principals had on student learning, teaching quality, or school culture. It rewarded attributes unrelated to effectiveness while ignoring the one factor most associated with student success: the ability to recruit, develop, and retain effective teachers and to create the conditions necessary for sustained student learning.

➤ ***Outdated Compensation Models Came with a High Cost***

The outdated compensation structure also created serious fiscal inefficiencies. Principal turnover is costly, disruptive, and damaging to school improvement. The School Leaders Network estimated that replacing a single principal costs districts approximately \$75,000 in recruitment, hiring, onboarding, and lost productivity.²⁷ In an urban district with around 100 schools, reducing turnover to levels seen in more affluent districts could save more than \$300,000 annually — funds that could instead be invested in teacher support, professional learning, or school improvement initiatives.

\$300K

The Amount an Urban District Can Save Annually by Reducing Principal Turnover

Source: [School Leaders Network](#)

Yet North Carolina's outdated pay schedule incentivized turnover rather than reducing it. Talented principals frequently left schools where they were effective in order to earn higher salaries at larger schools, whether they were qualified for a larger school or not. In many cases, principals left the principalship altogether for central office roles or positions in other states. These departures not only imposed financial strain; they also disrupted instructional continuity, weakened teacher retention, and undermined school culture.



Turnover has well-documented academic consequences. Student achievement typically declines in the year following a principal transition, with the most significant drops occurring in high-poverty or low-performing schools. Teacher retention also declines after a principal's departure, especially among the most effective teachers. Research consistently shows that effective principals are more likely to retain high-performing teachers, who in turn produce higher levels of student learning. When effective principals leave, these teachers often follow them or seek more stable environments, increasing the academic risks for students already facing structural disadvantages.

Thus, the outdated pay structure created a paradox: It rewarded movement and contributed to turnover in the schools least able to withstand instability, while simultaneously draining district budgets through increased recruitment and onboarding costs. These fiscal and instructional consequences disproportionately harmed higher-poverty schools, widening achievement gaps and undermining statewide improvement efforts.

➤ **Leadership Instability Undermined Long-Term School Success**

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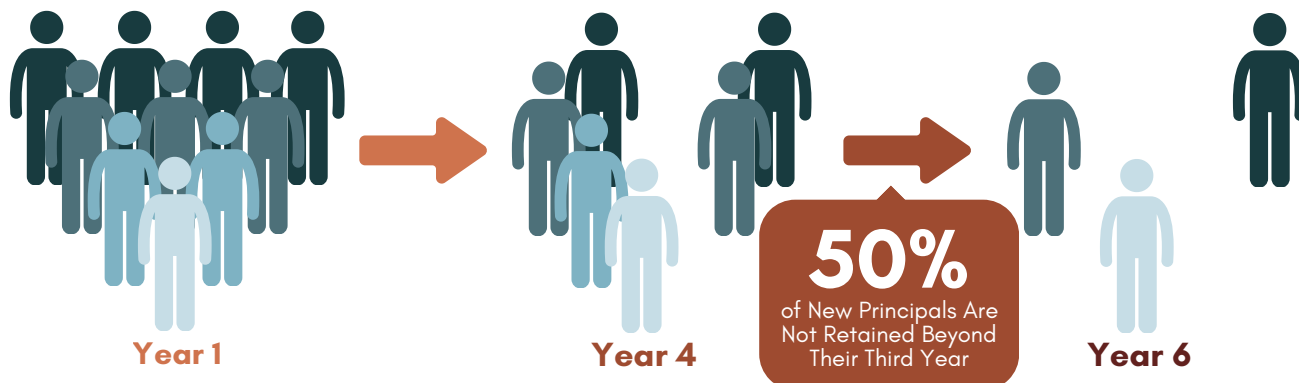
While highly effective principals can initiate significant change each year, it takes an average of five years to fully establish a mobilizing vision, improve the teaching staff, and design and implement policies and practices that positively impact the school's performance.

New Teacher Center

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One of the most significant problems created by the outdated pay structure was the lack of leadership stability. Research from the New Teacher Center, the Wallace Foundation, and multiple state and national studies consistently show that it takes an average of five years for a principal to fully establish a shared vision,²⁸ strengthen a teaching staff, and implement systems that sustainably influence school performance.²⁹ Principals shape student outcomes indirectly through the structures, expectations, and culture they build — all of which require time, consistency, and relational trust to take hold.

EX I.7 – The High Cost of Principal Turnover

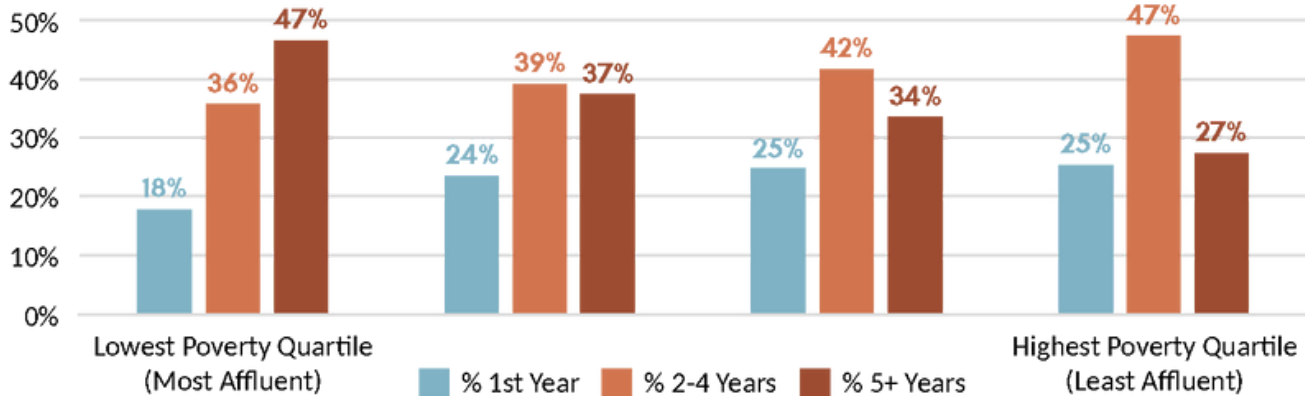


Source: New Teacher Center. (2014) Churn: The High Cost of Principal Turnover

Yet in North Carolina, principals rarely remained in the same school long enough to drive long-term improvement. Testimony and data revealed that the state had among the lowest averages nationally for principal tenure at the same school, with turnover particularly acute in high-poverty settings.³⁰ This instability was both a cause and consequence of underperformance. Ineffective principals often improved their pay by moving to larger schools rather than focusing on improving their current schools. Effective principals, meanwhile, were incentivized to leave high-need schools because the compensation structure undervalued the complexity of their work.³¹

The consequences were predictable. Schools in high-poverty communities, which often faced the steepest improvement challenges, were also the schools least likely to benefit from sustained, effective leadership. Momentum was frequently lost when principals departed, leading to declines in student achievement, increased teacher attrition, and disruptions to school culture. A single leadership transition could erase several years of progress — an outcome that occurred repeatedly across North Carolina. North Carolina only recently started reporting principal turnover data. Exhibit I.8 shows that principal turnover continues to be higher in higher-poverty schools.

EX I.8 – Average Number of Years Principals Have Led Their Current K-12 Traditional Public School and School Achievement Score, by School Poverty Quartile (2021-22)



Source: NC DPI (Data Request)

Taken together, the evidence and testimony from the 2016 Principal Pay Committee paint a clear picture: North Carolina’s pre-2017 principal compensation system was fundamentally misaligned with research, ineffective in retaining the principals who mattered most, inequitable in its distribution of talent, and financially inefficient in its use of public dollars. It incentivized movement rather than mastery, rewarded longevity rather than impact, and discouraged effective principals from serving — and staying in — the schools that needed them most.³²

As numerous presenters testified during the 2016 Principal Pay Committee, the problems with the principal pay model were deeply structural and could not have been solved by incremental changes or temporary adjustments.³³ For example, the assumptions about leadership qualifications no longer matched the realities of today’s schools. The inequities and inefficiencies of the pay model hindered school improvement, weakened the leadership pipeline, and placed unnecessary burdens on the schools most in need of transformational leadership. In short, without fundamental changes in how the system operates, we were bound to get the same results year in and year out.

Understanding these problems in their full complexity sets the stage for the sweeping reforms enacted between 2017 and 2020 — and helps illustrate why the state’s commitment to principal pay reform remains essential to ensuring that every child in North Carolina is empowered by the guidance of a highly effective school leader.

II. A DIFFERENT APPROACH: URGENT AND THOUGHTFUL SYSTEMIC REFORM



By 2016, North Carolina’s principal compensation structure was widely recognized as outdated, inequitable, and misaligned with both research and the modern expectations placed on school leaders. Consensus across sectors — from principals and superintendents to business leaders, policymakers, and national leadership scholars — was not only that change was needed, but that fundamental change was required. This growing urgency led the General Assembly to convene the 2016 Joint Legislative Study Committee on School-Based Administrator Pay. Passing small adjustments or temporary supplements would not realign incentives, recruit stronger talent, nor stabilize leadership in the schools most in need.³⁴

The systemic problems described above were deeply embedded in the state’s structure and consistently reproduced across generations of leadership — so much so that, as Dr. Steve Tozer, Professor of Educational Policy Studies at the University of Illinois at Chicago, warned in testimony before the committee on November 28, 2016, “If we don’t change the system, we will continue to get the same results, year in and year out.”³⁵

The Committee’s hearings revealed striking alignment among witnesses representing school systems, practitioner organizations, and national experts around the need for performance-based and differentiated compensation. Superintendents from diverse districts consistently emphasized that principal pay should reflect both leadership impact and the complexity of a school assignment. Dr. Frank Till, Jr., Superintendent of Cumberland County Schools, testified in support of a compensation model that paired a base salary with a merit system tied to school growth and size. Dr. Pascal Mubenga, Superintendent of Franklin County Schools, similarly supported maintaining a position-based allotment while layering in additional merit pay, particularly to address recruitment and retention challenges in smaller and rural districts.³⁶

Practitioner organizations echoed this position. Katherine Joyce, Executive Director of the North Carolina Association of School Administrators (NCASA), advocated for a high base salary supplemented by weighted incentives, while Leanne Winner, Legislative Director of the North Carolina School Boards Association (NCSBA), recommended layered compensation structures, including targeted recruiting bonuses for principals serving in low-performing schools. Most explicitly, Shirley Prince, Executive Director of the North Carolina Principals and Assistant Principals’ Association (NCPAPA), urged the General Assembly to move quickly toward a “connected career pathway” that combined base pay with differentiated compensation based on performance, leadership roles, and situational characteristics. (see excerpt from Dr. Prince’s presentation on the next page).³⁷

“

We’ve said performance, obviously student growth. That is our goal in every school: that our students grow. We have also talked about ways to compensate and differentiate for leadership roles, and then there are the situational conditions, such as hard-to-staff schools or hard-to-staff subjects.

Dr. Shirley Prince, Executive Director of the North Carolina Principals and Assistant Principals Association (NCPAPA), Excerpt from a 2016 Joint Legislative Committee on School-Based Administrator Pay Presentation, November 2016

”

EX II.1 – Recommendations for a Robust Principal Talent Pipeline

To Promote a Robust Talent Pipeline...

Institute a Compensation System that Promotes Retention and High Performance that includes:

1. **Well-performing base-salary schedule**
 - *Asst Prin Salary: Comparable Teacher Salary + $X\%$*
 - *Principal Salary: Comparable Asst Prin Salary + $X\%$ + Sch Size Supplement*
2. **Combined with possibility for differentiated/incentive pay:**
 - Performance (i.e. student growth).
 - Leadership Roles and Responsibilities (i.e. mentor, instructional coach)
 - Situational (i.e. hard-to-staff, large school)

Note: This slide appears as it appeared in Dr. Shirley Prince's (Executive Director of NCPAPA) presentation to the Joint Legislative Study Committee on School-Based Administrator Pay, November 2016.

As part of the Committee's work, BEST NC testified that, despite a national scan, no research or state model could be found that offered an innovative alternative to the traditional step-and-lane schedule. To better understand how compensation systems reward leadership impact, BEST NC polled private-sector human resource executives. The results were clear: Executives are compensated first for the size and complexity of their role, and then through meaningful performance bonuses — typically averaging 23% of salary, and almost never tied to seniority.³⁸



Key Recommendations from the 2016 Joint Legislative Study Committee on School-Based Administrator Pay

1. Substantially increase principal pay.
2. Replace its outdated pay structure with one aligned with best practices for paying executive leaders.

➤ How the 2017-2020 Policy Reform Addressed the Principal Pay Problem

Raising Principal Pay: A Needed Intervention After Decades of Erosion

The first pillar of reform was simple but essential: Raise principal pay, but do not do it the way it had always been done. Instead, use this opportunity to buy major reform. After decades of inflation-adjusted decline and years of compensation that ranked last or near-last regionally, policymakers understood that no strategic restructuring of pay would succeed if the overall compensation level remained uncompetitive.

The 2017-18 budget appropriated ~\$21 million specifically for raising principal pay (see Exhibit II.3). This was the single largest investment in principal compensation in North Carolina history and resulted in an average 10% pay raise for principals statewide. More strikingly, more than half of North Carolina's principals — those who previously earned below \$61,000 — were brought above that threshold immediately (see Exhibit II.2).

EX II.2 – North Carolina Annual Principal Salary Schedule (FY2017-18)

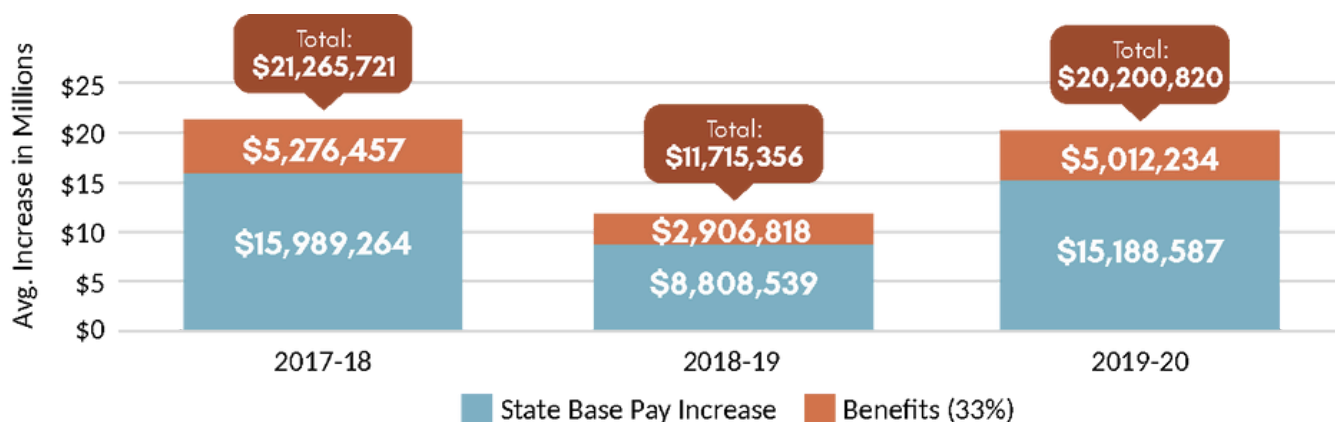
ADM Range	Schedule/ Pay Level	Base	Schedule/ Pay Level	Growth Met	Schedule/ Pay Level	Growth Exceeded
		Annual Salary		Annual Salary		Annual Salary
up to 400	B1	\$61,751	G1	\$67,926	E1	\$74,101
401 to 700	B2	\$64,839	G2	\$71,322	E2	\$77,806
701 to 1,000	B3	\$67,926	G3	\$74,719	E3	\$81,511
1,001 to 1,300	B4	\$71,014	G4	\$78,115	E4	\$85,216
over 1,300	B5	\$74,101	G5	\$81,511	E5	\$88,921

Source: NC DPI North Carolina Public School Personnel, Employee Salary and Benefits Manual 2017-18

The significance of these increases went beyond the numbers. They signaled that the state recognized principals as executive leaders rather than mid-level administrators. They acknowledged that principals manage large teams, drive organizational culture, steward significant public funds, and influence the academic and life outcomes of thousands of students. They acknowledged that the state had a responsibility to offer competitive and fair compensation given these responsibilities. And most importantly, they laid the groundwork for convincing talented educators to pursue school leadership opportunities rather than leave the profession or pursue higher-paying roles outside of K-12 schools.

The General Assembly continued this work in 2018-19 and 2019-20 with an additional ~\$32 million in recurring investment to further increase base salary levels and refine the new pay schedule (see Exhibit II.3). These sustained annual investments raised North Carolina from the bottom of regional and national principal pay rankings to a competitive national position. This shift was essential not only for recruiting new leaders but also for retaining effective leadership in the state.

EX II.3 – Principal Compensation Increases Including Benefits, by Year (2017-18 to 2019-20)



Source: North Carolina General Assembly, Fiscal Research Division (Data Request)

Reimagining Principal Pay: Replacing Outdated Assumptions with a Modern, Performance-Aligned Model

Beyond simply raising pay, the General Assembly recognized the urgent need to replace the state's outdated pay structure with one aligned to contemporary research and best practices. This structural reform had three major components:

1. Replacing experience-based increments with a system based on student population, or Average Daily Membership (ADM);
2. Aligning pay with demonstrated leadership effectiveness; and
3. Correcting funding inequities that disadvantaged high-poverty schools.

Each of these elements addressed a different dimension of the old structure’s dysfunction.

1. Moving from “State-Funded Teachers” to Actual School Size (ADM)

Under the old pay schedule, principal compensation was determined by the number of state-funded teachers in a school – a measure that distorted actual school complexity and punished principals in Title I and strategically staffed schools. This metric counted neither federally funded nor locally funded teachers, resulting in inaccurate representations of staffing and school demands.

By transitioning to Average Daily Membership (ADM), the new model tied compensation to the actual size of the student population a principal served — regardless of how teaching positions were funded. This corrected major inequities in the old model and recognized that larger student populations create greater complexity in school operations, culture management, instructional leadership, and resource allocation.

ADM is not a comprehensive proxy for school complexity, but it is significantly more accurate than the old model. Importantly, this shift eliminated the long-standing financial penalty placed on high-poverty schools and innovative staffing districts.

2. Aligning Compensation with Demonstrated Leadership Effectiveness

The second major component of reimagining principal pay was linking compensation more closely to principals’ demonstrated impact on student growth. For decades, the old system rewarded longevity rather than effectiveness despite research and state data repeatedly confirming no meaningful correlation between years of experience and student growth.

The new salary structure introduced a performance-based component directly into the schedule (see Exhibit II.4 below):

- Principals whose schools Met Expected Growth for two of the prior three years received a 10% salary increase.
- Principals whose schools Exceeded Expected Growth for two out of the prior three years received a 20% salary increase.

EX II.4 – North Carolina Annual Principal Salary Schedule (FY2019-20) and the Importance of Performance Pay

ADM Range	Schedule/ Pay Level	Base	Schedule/ Pay Level	Growth Met	Schedule/ Pay Level	Growth Exceeded
		Annual Salary		Annual Salary		Annual Salary
up to 400	B1	\$66,010	G1	\$72,611	E1	\$79,212
401 to 700	B2	\$69,311	G2	\$76,242	E2	\$83,173
701 to 1,000	B3	\$72,611	G3	\$79,872	E3	\$87,133
1,001 to 1,300	B4	\$75,912	G4	\$83,503	E4	\$91,094
over 1,300	B5	\$79,212	G5	\$87,133	E5	\$95,054

Source: NC DPI North Carolina Public School Personnel, *Employee Salary and Benefits Manual 2019-20*

The vast majority of principals with three or more years of demonstrated experience achieve one of these two performance pay levels and around a quarter qualify for the highest pay tier. This reform represented one of the most innovative principal compensation models in the nation. Rather than offering small end-of-year bonuses, the state embedded performance into the salary structure itself. The shift accomplished three key goals:

1. Incentivizing Principals to Remain Where They Are Most Effective:

Reversing the dynamic where effective principals left for higher-paying schools, the new structure rewarded them for staying where they were producing the strongest results.

2. Rewarding Principals for School Improvement:

Principals who successfully improved growth outcomes were compensated in proportion to the magnitude of their impact.

3. Attracting Exceptional Principals to Harder-to-Staff Schools:

Because high-need schools can also exceed growth (often more dramatically than higher-performing schools), the pay schedule created opportunities for significant compensation increases in schools that had historically been overlooked or avoided by strong leaders.

North Carolina's adoption of a performance-based structure signaled a shift toward recognizing leadership effectiveness, rather than tenure, as the key lever for instructional improvements and student success (see Recommendation A).



Misperceptions of Performance-Based Pay

Pay for exceptional performance is not intended to drive improved performance. Instead, it rewards great performance to increase retention of highly effective school leaders and encourage them to lead hard-to-staff schools.

3. Correcting Inherent Inequities in the Old Schedule

Transitioning to ADM also addressed systemic inequities created by the old pay schedule. For decades, Title I schools and high-poverty schools were systematically misclassified as “smaller,” resulting in lower compensation for principals leading some of the most complex environments. The new structure ended this practice permanently.

Further, the new model rewarded principals for leading positive academic growth rather than simply for remaining in the profession. This shift placed value on outcomes rather than attributes. It encouraged ambitious, data-driven, high-capacity leaders to enter and remain in school leadership roles — and to consider serving in schools where the opportunity for impact was greatest.

With broad support for linking principal pay to school performance, policymakers, researchers, and district leaders supported the use of EVAAS growth scores as a measure of performance but could not reach consensus on other measures that are comparable and replicable. Relying on a single measure for performance is better than nothing, but it has its limitations. High schools, for instance, now have fewer tested subjects than when this policy was implemented, which constrains the data available to calculate growth (see Recommendation D).

Embedding performance into the salary schedule has also led to confusion among principals who perceived decreases from year to year as “pay cuts,” even though the intent was to provide rewards for high performance (see Recommendation E) — not penalties. Principals, stakeholders, and policymakers widely agreed that refining the model to improve transparency would further support morale and clarity.

These implementation considerations do not diminish the reform’s significance, but highlight areas for future refinement, including the need for multiple measures of performance and a more comprehensive definition of school complexity.



Focused Pay: The Principal Recruitment Supplement Program (PRSP)

While raising pay and reimagining the structure were essential, policymakers recognized that the biggest leadership gaps existed in the state's lowest-performing schools. In this context, leadership gaps refer to the mismatch between the complexity and urgency of turnaround schools and the availability of principals with a proven track record of achieving student growth and stabilizing school leadership. These gaps were most acute in chronically low-performing, high-poverty schools, where compensation structures and working conditions made it especially difficult to attract and retain effective leaders. To address this challenge, the General Assembly established the Principal Recruitment Supplement Program (PRSP) in 2019.

The PRSP provides an annual \$30,000 salary supplement, paid monthly for up to three years, to principals with a proven track record of achieving high growth who agree to lead a chronically low-performing school.³⁹ Funding is sufficient for more than 40 principals annually (14 in each annual cohort, when fully utilized).⁴⁰ The supplement does not contribute to retirement, which keeps it sustainable for the state while still offering a compelling financial incentive.

PRSP was designed as a strategic tool:

- Targeted only at schools with the greatest need (bottom 5% based on School Performance Grades).
- Awarded only to principals with verified prior success (Exceeds Growth status for two of the three prior years).
- Intended to recruit and retain leaders capable of producing rapid, meaningful gains.

While participation in PRSP was initially lower than expected, largely because districts were unaware of available funds and because eligibility lists were released too late for hiring cycles, the early results demonstrated extraordinary potential.

➤ A Reimagined Compensation System Aligned with Student Outcomes and Organizational Leadership

Taken together, the 2017-2020 policy reforms represented a sweeping recalibration of the state's principal compensation model. They replaced outdated assumptions with contemporary research, incentivized leadership stability in schools most in need, elevated the profession, and laid the foundation for improved school outcomes.

The reforms did not merely raise pay; they created a system aligned with the realities of instructional leadership, organizational culture, and the importance of principal stability in driving school improvement. They recognized principals as executive leaders whose decisions shape the trajectory of entire schools. And they acknowledged that strong principals must be deployed and retained where they can make the most difference: in the schools facing the steepest challenges.

III. MOVING AHEAD: SUCCESSFUL OUTCOMES FOLLOWING POLICY REFORM



➤ **Early Evidence of System-Level Impact**

Education reforms often require years to meaningfully influence outcomes. Leadership reforms depend on relationship building, cultural stability, staffing decisions, instructional improvements, and changes in organizational behavior — processes that typically unfold across multiple school years. Yet the principal compensation reforms enacted from 2017 through 2020 began producing tangible and measurable improvements almost immediately.

These improvements were evident not only in principal recruitment and retention patterns, but also in teacher retention, school performance outcomes, and the ability of the state’s most challenged schools to attract high-performing leaders. The reforms reshaped principal labor markets in ways that aligned with research. Effective principals were more likely to stay; ineffective principals were more likely to exit; and high-need schools became more appealing to experienced, high-performing leaders.

Principal Retention Improved, Especially Among Highly Effective Leaders

One of the most immediate signs of success of the new pay model was its effect on principal retention. Prior to the reforms, North Carolina consistently had one of the highest principal turnover rates in the nation. This instability undermined school culture, impeded teacher support, and contributed to the chronic underperformance of many schools — particularly those in high-poverty communities.

The new compensation structure, especially its performance component, changed this dynamic. A study conducted by North Carolina State University — one of the first comprehensive evaluations of the policy’s early impact — found a clear pattern: Principals who were consistently meeting or exceeding growth were more likely to remain in their roles after the reforms were implemented. The performance-based pay, which offered 10% salary increases for meeting growth and 20% increases for exceeding it, became a powerful retention tool for strong leaders.

“

A concern for policymakers and the public is that performance pay-induced exits will be primarily from highly experienced principals. These exits might be detrimental to students if years of experience positively correlates with effectiveness. While I find principals with more experience are more likely to leave the principalship under performance pay, these principals were less effective. Principal performance pay pushes out principals who had previously failed to meet test-score growth expectations while increasing retention for principals with a history of exceeding expectations. Performance pay also attracts effective principals to switch to persistently underperforming and Title I schools.

Excerpt from John Westall’s “The labor market consequences of principal performance pay” (Job Market Paper), North Carolina State University, 2020

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The study's findings demonstrated that performance pay was working as intended:

- **Effective Principals Were More Likely to Stay in Their Schools:** Retention stabilized in schools where leadership effectiveness was already high, enabling school cultures to strengthen and instructional systems to mature.
- **Principals Who Did Not Meet Growth Expectations Were More Likely to Exit:** This does not reflect a punitive model but rather a natural realignment. Under the old pay schedule, ineffective leaders often remained in roles simply because movement did not offer meaningful financial incentives. The new model rewarded demonstrated impact, encouraging districts and principals alike to reassess placements when growth was consistently low.
- **High-Performing Principals Were More Likely to Transfer into Low-Performing, High-Poverty, and Title I Schools:** This is a particularly significant finding. It counters decades of research showing that effective principals tend to cluster in lower-poverty schools and avoid high-need environments. The new salary schedule reversed that pattern, demonstrating that compensation can successfully incentivize talent redistribution.

Retention of effective principals is one of the strongest predictors of sustained school improvement. Because the reforms succeeded in enhancing retention among the state's strongest leaders, they contributed to a stronger leadership pipeline systemwide.

Principal Retention Improved, Especially Among Highly Effective Leaders

Perhaps the most transformative impact of the reforms was the redistribution of effective principals toward higher-need schools. Historically, North Carolina — like other states across the country — struggled with principal sorting, a process by which effective leaders were more likely to work in lower-poverty schools with fewer structural challenges.

This inequity stemmed, in part, from compensation: Under the pre-2017 model, principals at smaller, higher-poverty schools could earn less than principals at larger, lower-poverty schools. In some extreme cases, highly effective principals were paid tens of thousands of dollars less for leading critical turnaround work compared to peers leading less complex schools.

The redesigned pay schedule corrected this incentive structure. As a result:

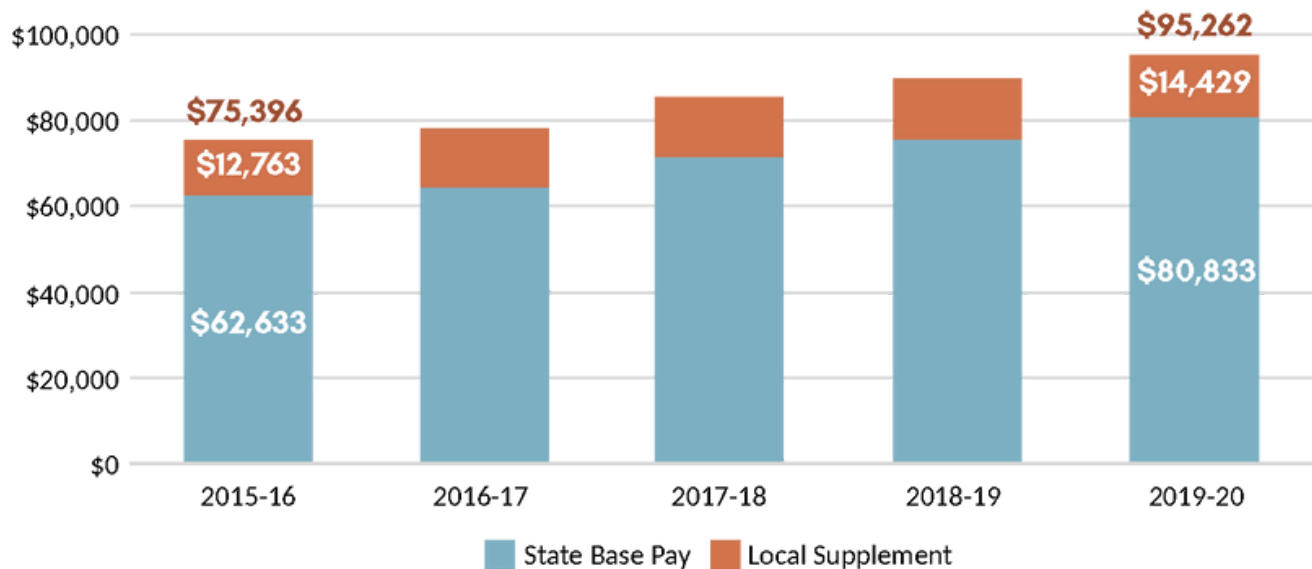
- **Effective Principals Were Newly Motivated to Consider Positions in Low-Performing Schools:** Because high-growth schools triggered 20% salary increases, and because growth can be achieved in any school regardless of starting proficiency, turnaround assignments became opportunities for career advancement rather than financial sacrifice.
- **Districts Gained Leverage in Recruiting Their Strongest Leaders into Their Hardest-to-Staff Schools:** Superintendents reported having meaningful financial tools — sometimes for the first time — to persuade their highest-performing principals to lead struggling campuses.
- **Principal Talent in the State Became More Equitably Distributed:** Schools serving high-poverty populations benefited from stronger pools of applicants, often including leaders with proven records of success.

This redistribution of effective leadership is one of the most critical impacts of the reform. It addressed a long-standing equity challenge and helped ensure that students facing the greatest barriers had access to the strongest school leaders.

Principal Pay Increased Significantly, Raising North Carolina from the Bottom of the National Rankings

Beyond the structural improvements, the reforms substantially increased principal pay, making North Carolina far more competitive both regionally and nationally.

EX III.1 – Average Nominal North Carolina Principal Salary (2015-16 to 2019-20)



Note: Nominal salary reports are not inflation-adjusted. These figures represent the average of salaries, as reported on principal paychecks.

Source: NC DPI Statistical Profile, Table 20; NC DPI Highlights of the Public School Budget

Between 2016-17 and 2019-20:

- The average nominal principal salary increased from approximately \$75,000 to more than \$95,000.
- North Carolina rose to 38th nationally in average principal pay.
- By 2021, North Carolina was tied for 7th in the Southeast, placing it in the middle of the region for pay, up from last in the region in just a few years.

The increases were not limited to averages. The lowest base salary tier — which had previously placed many principals below competitive levels — was raised significantly. This helped stabilize early-career principals and reduced disparities across regions.

Raising principal pay matters for several reasons:

1. It Strengthens the Leadership Pipeline:

Prospective leaders are more likely to pursue principal licensure when compensation is competitive with other comparable professions.

2. It Reduces Attrition to Central Office or Out-of-State Opportunities:

Many principals previously left the role not because they disliked school leadership, but because compensation lagged behind the growing scope of the job.

3. It Supports Retention of Effective Principals in High-Need Districts:

Rural and high-poverty districts in particular struggle to match large-district supplements; raising the statewide base narrowed these disparities.

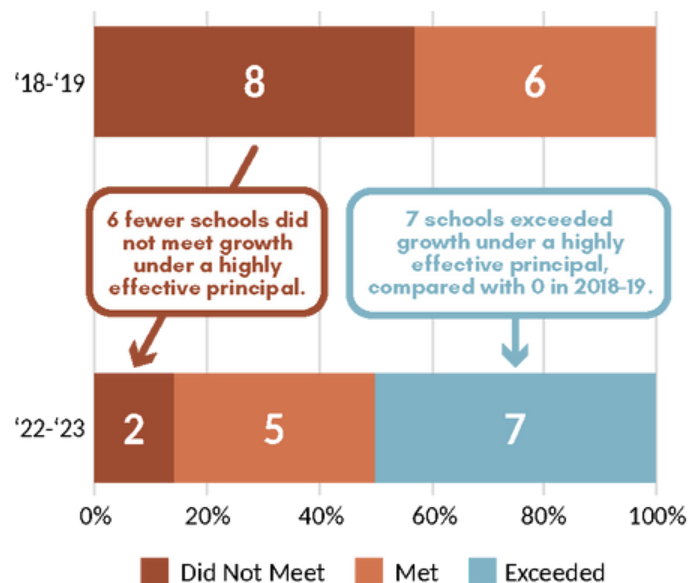
➤ **The Principal Recruitment Supplement Program (PRSP) Shows Profound Early Impacts**

The early results from PRSP were extraordinary, serving as a powerful early indicator of how the state's new approach to compensation could drive turnaround success. According to evaluation data from the 2021-22 and 2022-23 school years:

- 86% of PRSP-participating schools either met or exceeded expected growth. This represented some of the strongest collective results for turnaround schools in state history.³⁶
- Twelve of fourteen schools improved their school growth score compared to the 2018-19 baseline. On average, these schools saw a 15-point increase in their school growth scores.
- Several schools made double-digit jumps in their school growth index. One school increased its growth index by 38.4 points, moving its school performance grade from an "F" to a "B."

These improvements were not isolated or anecdotal; they represented systemic, measurable academic gains driven by strategic talent placement.

EX III.2 – School Growth Scores Before and After Participating in the Principal Recruitment Supplement Program (2018-19 and 2022-23)



Source: NC DPI, 2024-25 Report to the North Carolina General Assembly on the PRSP

Case Study: Winston-Salem/Forsyth County Schools

One of the strongest examples comes from Winston-Salem/Forsyth County Schools (WSFCS), which recruited half of the inaugural PRSP cohort — seven of the fourteen principals. Of those seven:

- Six achieved successful school turnarounds. Schools that had historically failed to meet growth targets began exceeding growth.
- Principals reported dismantling long-held assumptions about student potential. They described shifting belief systems among staff, strengthening community trust, and building a culture of high expectations.
- Gains were broad, not isolated to a single year. Two- and three-year trends showed consistent upward trajectories.

The success in WSFCS was powerful evidence that strong principals are one of the most effective turnaround strategies available to districts. However, PRSP also revealed an important, cautionary lesson consistent with leadership research. When the three-year PRSP supplement ended:

- Five of the seven WSFCS PRSP principals left their schools.
- Most transitioned into district or central office roles; others moved to new schools or retired.
- In almost every case, school performance declined the following year.

PSRP demonstrates clearly that highly effective principals can turn around low-performing schools quickly, having an immediate benefit for students at a low cost. However, early implementation efforts indicate that small policy and programmatic shifts could make the program more appealing and accessible (see Recommendation F).

Underutilization of Available Resources

Despite funding for approximately 40 principals annually, only 13 principals participated during the 2024-25 school year. Enhancing awareness and revising eligibility criteria could fully leverage all \$1.3 million in recurring funding.

Only 13-20 principals participated annually between 2020 and 2024, with substantial funding left unallocated. This suggests district leaders may lack awareness or face barriers in accessing the program.

Leadership Turnover Threatens Gains

Turnaround efforts are fragile and require sustained leadership for more than three years in order for improvements to take root. Research shows leadership stability is critical for sustained school improvement. The program's three-year supplement does not align with the longer-term commitment that is needed for sustained success, risking losing ground after initial gains.

Eligibility Constraints

Current eligibility criteria for schools (bottom 5% performance) may unnecessarily limit participation, excluding schools that would benefit from turnaround principal leadership.



A Powerful Pairing: Highly Effective Principals + Advanced Teaching Roles (ATR)

"Five of six principals who received the PRSP bonuses and implemented Advanced Teaching Roles achieved significantly more growth than those who implemented Advanced Teaching Roles without the principal bonus."

*Tina Lupton, Executive Director
of Teacher Effectiveness, Winston-Salem/
Forsyth County Schools*

➤ ***The Combined Principal Pay Reforms Improved Perceptions of the Principalship and Increased Interest in Leadership Roles***

Interviews with superintendents, HR leaders, principal supervisors, and aspiring administrators indicated that the reforms improved the attractiveness of the principal role. Raising base pay, recognizing performance, and introducing PRSP changed the narrative around principal leadership from one characterized by overwhelming responsibility and undercompensation to one that more accurately reflected the importance of the role.

Leadership preparation programs saw increased interest, particularly among younger teachers motivated by performance-based pay opportunities. Districts reported stronger applicant pools for principal vacancies, especially for high-need schools participating in PRSP or offering opportunities for growth-based compensation.

While these trends require long-term monitoring, early signals suggest that the reforms helped reinvigorate the principal pipeline at a time when many states were experiencing shortages.

➤ ***Improved School Performance and Organizational Outcomes***

Beyond individual measures of growth, leadership stability and improved recruitment led to broader improvements in organizational functioning:

- Teacher retention improved in PRSP schools, aligning with research that effective principals retain effective teachers.
- School climate measures improved, based on local surveys and superintendent feedback.
- Instructional coherence strengthened, as principals stayed longer and embedded more consistent instructional systems.
- Family and community engagement increased, a trend observed in high-growth PRSP schools.

These improvements reflect the indirect but powerful role that principals play in shaping conditions that support student learning.

➤ ***The Reforms Worked, and Their Early Success Provides a Foundation for Improvements***

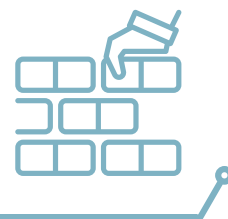
The positive evidence from 2017-2020 principal pay reforms is clear. North Carolina has seen clear and positive results from its groundbreaking 2017-2020 principal pay reforms, including:³⁷

- Stronger retention of effective principals;
- Redistribution of principal talent toward high-need schools;
- Increased competitiveness of principal compensation;
- Measurable school turnaround success through PRSP; and
- Improved school culture, teacher retention, and instructional quality.

North Carolina's principal compensation reforms did not simply raise pay — they did what research says they should do: improving the quality, distribution, and stability of school leadership across the state.



IV. RECOMMENDATIONS: SUSTAINING AND STRENGTHENING NORTH CAROLINA'S INNOVATIVE PRINCIPAL PAY STRUCTURE



The 2017-2020 reforms to North Carolina's principal compensation system marked a turning point for school leadership policy in the state. The reforms directly addressed longstanding structural problems, modernized the pay schedule, increased compensation to competitive levels, and introduced new tools for recruiting strong leaders to underserved schools. Early evidence demonstrated that these changes were not only justified — they were effective. Retention improved among effective principals, the distribution of leadership talent shifted toward high-need schools, and the Principal Recruitment Supplement Program delivered some of the most compelling turnaround results in recent memory.

➤ *From Reform to Refinement: Why the Next Phase Matters*

These reforms represent only the beginning of a systemic shift rather than its final form. Education leadership research and North Carolina's own experience both show that improvement efforts must be sustained, refined, and extended to create durable statewide impact. Policy structures that depend on multi-year leadership stability, talent recruitment, and culture building cannot remain static. They must evolve as the state gathers more evidence, identifies challenges, and deepens its understanding of what effective leadership requires in the context of North Carolina's diverse schools.

The evidence presented in the preceding sections makes clear that these reforms worked as intended. Principal pay became more competitive, effective leaders were more likely to remain in the profession, and high-need schools gained access to stronger leadership. In several cases, targeted investments produced rapid and meaningful improvements in student outcomes.

Yet leadership policy is not static. Compensation systems that depend on sustained effectiveness, long-term stability, and strategic talent deployment must evolve as new evidence emerges. The same research that supports the original reforms also underscores an important lesson: Early success does not eliminate the need for continued refinement. In fact, it creates both the opportunity and the responsibility to strengthen what is working.

The challenges that remain are not a repudiation of the current model, but a function of its success. As districts and principals have operated within the new structure, implementation insights have surfaced — particularly around performance measurement, school complexity, leadership stability, and targeted incentives for turnaround work. Addressing these issues is essential to preserving the reform's core intent while ensuring its long-term effectiveness and sustainability.

The recommendations that follow are designed to build on North Carolina's progress. They focus on maintaining the model's foundational strengths, improving clarity and alignment with school need, and extending the impact of effective leadership to the schools and students who need it most.

RECOMMENDATION A: Maintain the Core Structure of the Current Principal Pay Model

The evidence from North Carolina's early reforms — along with decades of national research — supports preserving the essential features of the current pay model. The shift from an experience-based system to one grounded in school complexity and leadership effectiveness corrected foundational flaws and should remain the basis of the state's approach going forward.



Maintaining this structure means continuing to compensate principals based on the size and complexity of the school they lead rather than the number of years they have served in administrative roles. The data repeatedly demonstrate that longevity is not a strong predictor of school growth. Returning to experience-based increments would reintroduce the inequities and misaligned incentives that previously undermined leadership stability. Preserving the current structure affirms the research-based principle that principals should be compensated for the difficulty of their assignment and the impact of their leadership, not for attributes unconnected to student learning.

Furthermore, keeping the essential structure intact provides clarity to districts and helps maintain the momentum that the reforms generated. Stability in the pay model allows aspiring leaders, current principals, and district HR teams to plan long-term, reducing uncertainty in the leadership pipeline. While refinements are necessary, the core framework is sound and should anchor the state's ongoing work.

Sustain the Magnitude of Performance Differentiation (+10% and +20%)

Maintaining the current performance differentials of +10% for meeting expected growth and +20% for exceeding expected growth is essential to preserving the intent and effectiveness of North Carolina's principal pay model. These performance elements are not designed to motivate short-term behavior; they are designed to retain highly effective principals and, critically, to retain them in roles where they are most effective.

The magnitude of the performance differential matters. A meaningful gap between performance levels ensures that principals are not financially rewarded for moving to larger or higher-paying schools if their effectiveness does not carry over to the new context. For example, a principal who is highly effective in a smaller elementary school should not receive a pay increase simply for moving to a larger middle or high school if student growth outcomes decline. The current structure appropriately prioritizes impact over assignment size.

Reducing the size of the performance element would reintroduce the misaligned incentives the reforms were designed to correct. Smaller differentials weaken the incentive for principals to remain in schools that align with their strengths and where their leadership has the greatest impact. In practice, the existing +10% and +20% structure has helped retain highly effective elementary principals — particularly important for success in early literacy and mathematics — rather than pushing them toward secondary schools solely for higher compensation.

Preserving the magnitude of the performance component reinforces a core principle of the reformed model: Principals should be compensated not for moving up the organizational ladder, but for delivering sustained results in the settings where they are most capable of leading effectively.

The charts below demonstrate why +10% pay increases are important. In Scenario A, under the current pay schedule with +10% and +20% pay increases, there is an incentive to stay in a school where a principal is at their highest level of performance. In Scenario B, with smaller performance increases, the pay differences are often non-existent or not significant enough to retain effective principals.

EX IV.1 – Current North Carolina Annual Principal Salary Schedule (FY2025-26) vs. Principal Salary Schedule with Smaller Performance Element

Scenario A: Current Salary Schedule (Recommended)

Average Daily Membership (ADM)	Base Salary	Met Expectations (+10%)	Exceeded Expectations (+20%)
0-200	\$77,792	\$85,570	\$93,350
201-400	\$81,681	\$89,849	\$98,017
401-700	\$85,570	\$94,128	\$102,685
701-1,000	\$89,461	\$98,406	\$107,353
1,001-1,600	\$93,350	\$102,685	\$112,020
1,601+	\$97,239	\$106,963	\$116,687

Scenario B: Salary Schedule with Smaller Performance Element (Not Recommended)

Average Daily Membership (ADM)	Base Salary	Met Expectations (+5%)	Exceeded Expectations (+10%)
0-200	\$77,792	\$81,682	\$85,571
201-400	\$81,681	\$85,765	\$89,849
401-700	\$85,570	\$89,849	\$94,127
701-1,000	\$89,461	\$93,934	\$98,407
1,001-1,600	\$93,350	\$98,018	\$102,685
1,601+	\$97,239	\$102,101	\$106,963

Source: NC DPI, North Carolina State Salary Schedules FY2025-2026

RECOMMENDATION B: Ensure North Carolina Remains Regionally Competitive in Principal Compensation

Principal compensation is not simply a budgetary line item — it is a strategic tool for building and sustaining talent. Because principals are more mobile than teachers, compensation differences across states and regions meaningfully influence recruitment and retention decisions. For years, North Carolina struggled to retain strong leaders because the state's pay scale lagged significantly behind that of neighboring states. The recent investments have substantially improved competitiveness, but the landscape will continue to shift as other states adjust their pay structures.

Maintaining competitiveness requires regular and sustained increases to the base principal pay at levels that keep up with inflation and are regionally competitive for school leadership roles. Districts with limited local supplements, especially rural and high-poverty districts, depend heavily on the statewide base salary to attract strong leadership. Without continued investment, the gains achieved in recent years could erode, and districts would once again struggle to fill principal vacancies with qualified candidates.

By keeping pace regionally and nationally, North Carolina would affirm that it values the leadership talent necessary to drive school improvement and would ensure that the state does not lose effective principals to better-paying roles elsewhere.

RECOMMENDATION C: Establish a More Comprehensive Definition of School Complexity

While using Average Daily Membership (ADM) as a measure of school complexity represented a significant improvement over the outdated “state-funded teacher count,” school complexity encompasses far more than enrollment numbers. Leading a school with a large percentage of students living in poverty, students with disabilities, English learners, or students who enter multiple grade levels below proficiency requires a different level of expertise and leadership intensity than leading a school with fewer structural challenges.

In discussions with policymakers, district leaders, and researchers, it was widely agreed that school complexity should be defined with greater nuance through a points-based complexity index. Factors that could more accurately reflect complexity include the following and each could yield specific points for a school-specific complexity measure:

- Average Daily Membership
- Percent Economically Disadvantaged
- Percent Special Education Students
- School Type: Secondary (middle and high schools) and Alternative Schools receive more points

Incorporating these indicators into the compensation structure would ensure that principals are appropriately compensated for the demands of their assignments. It would also help districts strategically match strong leaders to high-need environments by providing more precise compensation incentives. A complexity index would strengthen the equity and effectiveness of the pay schedule and support the state’s broader commitment to addressing educational disparities.

RECOMMENDATION D: Adopt Multiple Measures of Principal Effectiveness

North Carolina took an important step in tying compensation to student growth, recognizing that principals significantly influence academic outcomes. Yet student growth — while essential — is not the only dimension of principal performance. The leadership responsibilities that drive school improvement extend beyond standardized assessments and include:

- Recruiting, supporting, and retaining effective teachers;
- Establishing a positive school culture and climate;
- Maintaining strong family and community engagement;
- Ensuring consistent implementation of curriculum and instructional systems;
- Managing operational and strategic priorities;
- Overseeing safety, compliance, and budgeting; and
- Supporting multi-tiered systems of academic and behavioral support.

A repeated theme among the studies shared at the 2016 Joint Legislative Study Committee on School-Based Administrator Pay was the necessity of multiple measures of principal performance. While an improvement on the old model that had no performance element, relying solely on EVAAS growth scores for compensation fails to fully capture the work principals do to create the conditions needed for academic success. This is especially true in high schools, where fewer tested subjects make growth metrics inherently less stable.

To address this limitation, North Carolina should explore incorporating validated leadership assessment tools, such as the Comprehensive School Feedback Questionnaire (CFSQ), PRAISE, or VAL-ED, into the broader evaluation of principal effectiveness. These tools can complement student growth data by offering a more comprehensive understanding of a principal's impact on instructional coherence, teacher development, and organizational leadership.

Establishing multiple measures would:

- Provide a fairer and more complete evaluation of principal performance;
- Reduce over-reliance on a single metric sensitive to test participation and student mobility;
- Improve morale and clarity among principals; and
- Better align compensation with the full range of leadership responsibilities.

Importantly, multiple measures do not weaken the role of student outcomes; rather, they situate those outcomes within a broader understanding of effective leadership.

RECOMMENDATION E: Clarify and Strengthen the Performance Compensation Structure by Separating Performance from the Base Schedule - No Fiscal Impact

As noted above, embedding performance pay into the base pay schedule has created some confusion among principals who do not necessarily see the performance element as a reward but do see it as punitive when they move down the schedule. This indicates a need to clarify the relationship between performance and base pay. Embedding performance adjustments directly into annual salary created confusion among principals, many of whom perceived year-to-year shifts as pay cuts when growth levels changed.

To address this, North Carolina should separate performance-based compensation from the base pay schedule, creating a structure that transparently distinguishes stable salary from annual performance rewards. This adjustment would not weaken the underlying model; instead, it would make the model clearer, more stable, and better aligned with compensation practices in other professions. In addition to reducing confusion about the intent of this funding, it disconnects it from the base principal compensation contract between the principal and the school district.

EX IV.2 – Example Composition of the Current North Carolina Annual Principal Salary Schedule (FY2025-26)

School Size	Student Growth Status			Base Schedule	+	Student Growth Status		+	Local Supplements	+	Other Bonuses
	Base Salary	Met	Exceeded			Met	Exceeded				
	School Size	Base State Pay	Met	Exceeded		Met	Exceeded				
0-200	\$77,792	\$85,570	\$93,350	0-200	\$77,792	\$7,780	\$15,558				
201-400	\$81,681	\$89,849	\$98,017	201-400	\$81,681	\$8,168	\$16,336				
401-700	\$85,570	\$94,128	\$102,685	401-700	\$85,570	\$8,558	\$17,115				
701-1,000	\$89,461	\$98,406	\$107,353	701-1,000	\$89,461	\$8,945	\$17,892				
1,001-1,600	\$93,350	\$102,685	\$112,020	1,001-1,600	\$93,350	\$9,335	\$18,670				
1,601+	\$97,239	\$106,963	\$116,687	1,601+	\$97,239	\$9,724	\$19,448				

Source: North Carolina State Salary Schedules FY 2025-2026



RECOMMENDATION F: Strengthen the Principal Recruitment Supplement Program (PRSP) - No Fiscal Impact

The Principal Recruitment Supplement Program (PRSP) delivered impressive turnaround results. Schools that had struggled for years saw measurable improvements under the leadership of highly effective principals who were recruited through PRSP.

Yet the early results also underscored a critical challenge: the three-year duration of the supplement is insufficient for lasting turnaround. When the supplements ended, many principals left their schools, and performance often declined. This pattern aligns with research demonstrating that sustainable improvement requires at least five years of stable and effective leadership.

To maximize the program's impact, North Carolina should:

1. Extend the Recruitment Supplement Duration

Offer an additional annual bonus (\$15,000 - \$20,000) for up to three more years for principals who meet or exceed growth in their second or third year of leadership. This extension incentivizes long-term commitment, critical for building sustained improvements in the turnaround school.

2. Refine Eligibility Criteria

Adjust the definition of qualifying schools to include a broader range of lowest-performing schools, such as those in the lowest 10% rather than the lowest 5%. This will expand the potential principal-school matches while staying true to the policy's commitment to improve our lowest-performing schools.

3. Increase Awareness Through Research

Direct the Collaboratory or other research organization to document the benefits of recruiting high-performing principals to low-performing schools with the intent to provide evidence to district leadership that this is an impactful strategy for closing learning gaps and turning around schools.

These refinements would preserve the program's strengths while addressing the stability challenges that may have limited sustained success.



RECOMMENDATION G: Consider Opportunities to Reward Stability and Sustain Growth

As discussed in the section “Leadership Instability Undermined Long-Term School Success and Stalled Improvement Efforts,” while the number of years of experience is generally not correlated with student success, the stability of an effective school leader within a specific school is important. This distinction between longevity and stability is vitally important, and further policy considerations should be made to enhance stability. As part of a broader principal pay strategy, consider stability incentives for effective principals who remain in the same school for four or more years and continue to achieve growth goals. This measure aligns with research showing the importance of leadership continuity for sustained progress.

V. CONCLUSION: A ROADMAP FOR SUSTAINING NORTH CAROLINA’S SCHOOL LEADERSHIP TRANSFORMATION



North Carolina’s 2017-2020 principal compensation reforms were bold, research-aligned, and necessary. They corrected deep structural problems, increased competitiveness, and successfully realigned incentives to place effective leadership where it matters most: in the classrooms and schools serving students with the greatest needs.

But the work is not finished. The early successes provide a strong foundation on which to build, and the lessons learned offer clear direction for refinement. By maintaining the core structure of the pay model, investing in competitiveness, strengthening definitions of complexity and effectiveness, clarifying performance incentives, and expanding PRSP, North Carolina can continue to lead the nation in principal leadership policy.

Strong principals are the backbone of school improvement. Sustaining and strengthening the state’s leadership system is not only a policy priority — it is a moral and economic imperative for North Carolina’s future.



APPENDICES

➤ APPENDIX A

Joint Legislative Study Committee on School-Based Administrator Pay (2016): Final Report to the 2017 Session of the 2017 General Assembly of North Carolina (December, 2016)

JOINT LEGISLATIVE STUDY COMMITTEE ON SCHOOL-BASED ADMINISTRATOR PAY (2016)

FINAL REPORT TO THE
2017 SESSION
of the
2017 GENERAL ASSEMBLY
OF NORTH CAROLINA

DECEMBER, 2016

...

The Joint Legislative Study Committee on School-Based Administrator Pay (2016) makes the following findings and recommendations: Findings: Strong principals and assistant principals are necessary for student success. In order to ensure that the State of North Carolina continues to attract and retain the best principals and assistant principals, it is important to provide a common-sense, straightforward system of pay that is competitive with other states and that rewards and incentivizes exceptional school leadership. The current system of pay for principals does not fulfill this purpose. The salary schedule used to implement this pay for principals is unwieldy and difficult to understand. There are over 1,500 possible pay steps for only 2,400 positions.

Additional Committee documents can be found by scanning the QR code to the right or by clicking here: [Joint Legislative Study Committee on School-Based Administrator Pay Non Standing Committee - North Carolina General Assembly](#)



APPENDIX B

FY 2016-17 Principal Salary Schedules for Principal Level I - Principal Level VIII (Effective July 1, 2016)

FY 2016-17 PRINCIPAL SALARY SCHEDULES
PRINCIPAL I
0 - 10 Teachers
Effective July 1, 2016

Combined Years of Exp	Schedule/ Pay Level	Base Monthly Salary	Base + 1% Monthly Salary	Base + 2% Monthly Salary	Base + 3% Monthly Salary	Base + 4% Monthly Salary	Base + 5% Monthly Salary	Base + 6% Monthly Salary
0-13	0-5	\$4,388	\$4,432	\$4,476	\$4,520	\$4,564	\$4,607	\$4,651
14	0-6	\$4,443	\$4,487	\$4,532	\$4,576	\$4,621	\$4,665	\$4,710
15	0-7	\$4,501	\$4,546	\$4,591	\$4,636	\$4,681	\$4,726	\$4,771
16	0-8	\$4,556	\$4,602	\$4,647	\$4,693	\$4,738	\$4,784	\$4,829
17	0-9	\$4,615	\$4,661	\$4,707	\$4,753	\$4,800	\$4,846	\$4,892
18	0-10	\$4,675	\$4,722	\$4,769	\$4,815	\$4,862	\$4,909	\$4,956
19	0-11	\$4,735	\$4,782	\$4,830	\$4,877	\$4,924	\$4,972	\$5,019
20	0-12	\$4,797	\$4,845	\$4,893	\$4,941	\$4,989	\$5,037	\$5,085
21	0-13	\$4,860	\$4,909	\$4,957	\$5,006	\$5,054	\$5,103	\$5,152
22	0-14	\$4,924	\$4,973	\$5,022	\$5,072	\$5,121	\$5,170	\$5,219
23	0-15	\$4,992	\$5,042	\$5,092	\$5,142	\$5,192	\$5,242	\$5,292
24	0-16	\$5,058	\$5,109	\$5,159	\$5,210	\$5,260	\$5,311	\$5,361
25	0-17	\$5,126	\$5,177	\$5,229	\$5,280	\$5,331	\$5,382	\$5,434
26	0-18	\$5,196	\$5,248	\$5,300	\$5,352	\$5,404	\$5,456	\$5,508
27	0-19	\$5,266	\$5,319	\$5,371	\$5,424	\$5,477	\$5,529	\$5,582
28	0-20	\$5,342	\$5,395	\$5,448	\$5,502	\$5,556	\$5,609	\$5,663
29	0-21	\$5,415	\$5,469	\$5,523	\$5,577	\$5,632	\$5,686	\$5,740
30	0-22	\$5,490	\$5,545	\$5,600	\$5,655	\$5,710	\$5,765	\$5,819
31	0-23	\$5,565	\$5,621	\$5,676	\$5,732	\$5,788	\$5,843	\$5,899
32	0-24	\$5,644	\$5,700	\$5,757	\$5,813	\$5,870	\$5,926	\$5,983
33	0-25	\$5,726	\$5,783	\$5,841	\$5,898	\$5,955	\$6,012	\$6,070
34	0-26	\$5,808	\$5,866	\$5,924	\$5,982	\$6,040	\$6,098	\$6,156
35	0-27	\$5,881	\$5,940	\$5,999	\$6,057	\$6,116	\$6,175	\$6,234
36	0-28	\$5,958	\$6,018	\$6,078	\$6,138	\$6,198	\$6,258	\$6,318
37+	0-29	\$6,118	\$6,179	\$6,240	\$6,302	\$6,363	\$6,424	\$6,485

FY 2016-17 PRINCIPAL SALARY SCHEDULES
PRINCIPAL II
11 - 21 Teachers
Effective July 1, 2016

Combined Years of Exp	Schedule/ Pay Level	Base Monthly Salary	Base + 1% Monthly Salary	Base + 2% Monthly Salary	Base + 3% Monthly Salary	Base + 4% Monthly Salary	Base + 5% Monthly Salary	Base + 6% Monthly Salary
0-15	0-8	\$4,556	\$4,602	\$4,647	\$4,693	\$4,738	\$4,784	\$4,829
16	0-9	\$4,615	\$4,661	\$4,707	\$4,753	\$4,800	\$4,846	\$4,892
17	0-10	\$4,675	\$4,722	\$4,769	\$4,815	\$4,862	\$4,909	\$4,956
18	0-11	\$4,735	\$4,782	\$4,830	\$4,877	\$4,924	\$4,972	\$5,019
19	0-12	\$4,797	\$4,845	\$4,893	\$4,941	\$4,989	\$5,037	\$5,085
20	0-13	\$4,860	\$4,909	\$4,957	\$5,006	\$5,054	\$5,103	\$5,152
21	0-14	\$4,924	\$4,973	\$5,022	\$5,072	\$5,121	\$5,170	\$5,219
22	0-15	\$4,992	\$5,042	\$5,092	\$5,142	\$5,192	\$5,242	\$5,292
23	0-16	\$5,058	\$5,109	\$5,159	\$5,210	\$5,260	\$5,311	\$5,361
24	0-17	\$5,126	\$5,177	\$5,229	\$5,280	\$5,331	\$5,382	\$5,434
25	0-18	\$5,196	\$5,248	\$5,300	\$5,352	\$5,404	\$5,456	\$5,508
26	0-19	\$5,266	\$5,319	\$5,371	\$5,424	\$5,477	\$5,529	\$5,582
27	0-20	\$5,342	\$5,395	\$5,448	\$5,502	\$5,556	\$5,609	\$5,663
28	0-21	\$5,415	\$5,469	\$5,523	\$5,577	\$5,632	\$5,686	\$5,740
29	0-22	\$5,490	\$5,545	\$5,600	\$5,655	\$5,710	\$5,765	\$5,819
30	0-23	\$5,565	\$5,621	\$5,676	\$5,732	\$5,788	\$5,843	\$5,899
31	0-24	\$5,644	\$5,700	\$5,757	\$5,813	\$5,870	\$5,926	\$5,983
32	0-25	\$5,726	\$5,783	\$5,841	\$5,898	\$5,955	\$6,012	\$6,070
33	0-26	\$5,808	\$5,866	\$5,924	\$5,982	\$6,040	\$6,098	\$6,156
34	0-27	\$5,881	\$5,940	\$5,999	\$6,057	\$6,116	\$6,175	\$6,234
35	0-28	\$5,958	\$6,018	\$6,078	\$6,138	\$6,198	\$6,258	\$6,318
36	0-29	\$6,118	\$6,179	\$6,240	\$6,302	\$6,363	\$6,424	\$6,485
37	0-30	\$6,240	\$6,302	\$6,363	\$6,424	\$6,485	\$6,546	\$6,607
38	0-31	\$6,365	\$6,427	\$6,489	\$6,550	\$6,612	\$6,673	\$6,734
39+	0-32	\$6,492	\$6,557	\$6,622	\$6,687	\$6,752	\$6,817	\$6,882

FY 2016-17 PRINCIPAL SALARY SCHEDULES
PRINCIPAL III
22 - 32 Teachers
Effective July 1, 2016

Combined Years of Exp	Schedule/ Pay Level	Base Monthly Salary	Base + 1% Monthly Salary	Base + 2% Monthly Salary	Base + 3% Monthly Salary	Base + 4% Monthly Salary	Base + 5% Monthly Salary	Base + 6% Monthly Salary
0-17	0-11	\$4,735	\$4,782	\$4,830	\$4,877	\$4,924	\$4,972	\$5,019
18	0-12	\$4,797	\$4,845	\$4,893	\$4,941	\$4,989	\$5,037	\$5,085
19	0-13	\$4,860	\$4,909	\$4,957	\$5,006	\$5,054	\$5,103	\$5,152
20	0-14	\$4,924	\$4,973	\$5,022	\$5,072	\$5,121	\$5,170	\$5,219
21	0-15	\$4,992	\$5,042	\$5,092	\$5,142	\$5,192	\$5,242	\$5,292
22	0-16	\$5,058	\$5,109	\$5,159	\$5,210	\$5,260	\$5,311	\$5,361
23	0-17	\$5,126	\$5,177	\$5,229	\$5,280	\$5,331	\$5,382	\$5,434
24	0-18	\$5,196	\$5,248	\$5,300	\$5,352	\$5,404	\$5,456	\$5,508
25	0-19	\$5,266	\$5,319	\$5,371	\$5,424	\$5,477	\$5,529	\$5,582
26	0-20	\$5,342	\$5,395	\$5,448	\$5,502	\$5,556	\$5,609	\$5,663
27	0-21	\$5,415	\$5,469	\$5,523	\$5,577	\$5,632	\$5,686	\$5,740
28	0-22	\$5,490	\$5,545	\$5,600	\$5,655	\$5,710	\$5,765	\$5,819
29	0-23	\$5,565	\$5,621	\$5,676	\$5,732	\$5,788	\$5,843	\$5,899
30	0-24	\$5,644	\$5,700	\$5,757	\$5,813	\$5,870	\$5,926	\$5,983
31	0-25	\$5,726	\$5,783	\$5,841	\$5,898	\$5,955	\$6,012	\$6,070
32	0-26	\$5,808	\$5,866	\$5,924	\$5,982	\$6,040	\$6,098	\$6,156
33	0-27	\$5,881	\$5,940	\$5,999	\$6,057	\$6,116	\$6,175	\$6,234
34	0-28	\$5,958	\$6,018	\$6,078	\$6,138	\$6,198	\$6,258	\$6,318
35	0-29	\$6,118	\$6,179	\$6,240	\$6,302	\$6,363	\$6,424	\$6,485
36	0-30	\$6,240	\$6,302	\$6,363	\$6,424	\$6,485	\$6,546	\$6,607
37	0-31	\$6,365	\$6,427	\$6,489	\$6,550	\$6,612	\$6,673	\$6,734
38	0-32	\$6,492	\$6,557	\$6,622	\$6,687	\$6,752	\$6,817	\$6,882
39	0-33	\$6,622	\$6,688	\$6,754	\$6,821	\$6,887	\$6,953	\$7,019
40	0-34	\$6,754	\$6,822	\$6,889	\$6,957	\$7,024	\$7,092	\$7,159
41	0-35	\$6,889	\$6,958	\$7,027	\$7,096	\$7,165	\$7,233	\$7,302
42	0-36	\$7,027	\$7,097	\$7,168	\$7,238	\$7,308	\$7,378	\$7,449
43+	0-37	\$7,168	\$7,240	\$7,311	\$7,383	\$7,455	\$7,526	\$7,598

FY 2016-17 PRINCIPAL SALARY SCHEDULES
PRINCIPAL IV
33 - 43 Teachers
Effective July 1, 2016

Combined Years of Exp	Schedule/ Pay Level	Base Monthly Salary	Base + 1% Monthly Salary	Base + 2% Monthly Salary	Base + 3% Monthly Salary	Base + 4% Monthly Salary	Base + 5% Monthly Salary	Base + 6% Monthly Salary
0-18	0-13	\$4,860	\$4,909	\$4,957	\$5,006	\$5,054	\$5,103	\$5,152
19	0-14	\$4,924	\$4,973	\$5,022	\$5,072	\$5,121	\$5,170	\$5,219
20	0-15	\$4,992	\$5,042	\$5,092	\$5,142	\$5,192	\$5,242	\$5,292
21	0-16	\$5,058	\$5,109	\$5,159	\$5,210	\$5,260	\$5,311	\$5,361
22	0-17	\$5,126	\$5,177	\$5,229	\$5,280	\$5,331	\$5,382	\$5,434
23	0-18	\$5,196	\$5,248	\$5,300	\$5,352	\$5,404	\$5,456	\$5,508
24	0-19	\$5,266	\$5,319	\$5,371	\$5,424	\$5,477	\$5,529	\$5,582
25	0-20	\$5,342	\$5,395	\$5,448	\$5,502	\$5,556	\$5,609	\$5,663
26	0-21	\$5,415	\$5,469	\$5,523	\$5,577	\$5,632	\$5,686	\$5,740
27	0-22	\$5,490	\$5,545	\$5,600	\$5,655	\$5,710	\$5,765	\$5,819
28	0-23	\$5,565	\$5,621	\$5,676	\$5,732	\$5,788	\$5,843	\$5,899
29	0-24	\$5,644	\$5,700	\$5,757	\$5,813	\$5,870	\$5,926	\$5,983
30	0-25	\$5,726	\$5,783	\$5,841	\$5,898	\$5,955	\$6,012	\$6,070
31	0-26	\$5,808	\$5,866	\$5,924	\$5,982	\$6,040	\$6,098	\$6,156
32	0-27	\$5,881	\$5,940	\$5,999	\$6,057	\$6,116	\$6,175	\$6,234
33	0-28	\$5,958	\$6,018	\$6,078	\$6,138	\$6,198	\$6,258	\$6,318
34	0-29	\$6,118	\$6,179	\$6,240	\$6,302	\$6,363	\$6,424	\$6,485
35	0-30	\$6,240	\$6,302	\$6,363	\$6,424	\$6,485	\$6,546	\$6,607
36	0-31	\$6,365	\$6,427	\$6,489	\$6,550	\$6,612	\$6,673	\$6,734
37	0-32	\$6,492	\$6,557	\$6,622	\$6,687	\$6,752	\$6,817	\$6,882
38	0-33	\$6,622	\$6,688	\$6,754	\$6,821	\$6,887	\$6,953	\$7,019
39	0-34	\$6,754	\$6,822	\$6,889	\$6,957	\$7,024	\$7,092	\$7,159
40	0-35	\$6,889	\$6,958	\$7,027	\$7,096	\$7,165	\$7,233	\$7,302
41	0-36	\$7,027	\$7,097	\$7,168	\$7,238	\$7,308	\$7,378	\$7,449
42+	0-37	\$7,168	\$7,240	\$7,311	\$7,383	\$7,455	\$7,526	\$7,598

FY 2016-17 PRINCIPAL SALARY SCHEDULES
PRINCIPAL V
44 - 54 Teachers
Effective July 1, 2016

Combined Years of Exp	Schedule/ Pay Level	Base Monthly Salary	Base + 1% Monthly Salary	Base + 2% Monthly Salary	Base + 3% Monthly Salary	Base + 4% Monthly Salary	Base + 5% Monthly Salary	Base + 6% Monthly Salary
0-19	0-15	\$4,992	\$5,042	\$5,092	\$5,142	\$5,192	\$5,242	\$5,292
20	0-16	\$5,058	\$5,109	\$5,159	\$5,210	\$5,260	\$5,311	\$5,361
21	0-17	\$5,126	\$5,177	\$5,229	\$5,280	\$5,331	\$5,382	\$5,434
22	0-18	\$5,196	\$5,248	\$5,300	\$5,352	\$5,404	\$5,456	\$5,508
23	0-19	\$5,266	\$5,319	\$5,371	\$5,424	\$5,477	\$5,529	\$5,582
24	0-20	\$5,342	\$5,395	\$5,448	\$5,502	\$5,556	\$5,609	\$5,663
25	0-21	\$5,415	\$5,469	\$5,523	\$5,577	\$5,632	\$5,686	\$5,740
26	0-22	\$5,490	\$5,545	\$5,600	\$5,655	\$5,710	\$5,765	\$5,819
27	0-23	\$5,565	\$5,621	\$5,676	\$5,732	\$5,788	\$5,843	\$5,899
28	0-24	\$5,644	\$5,700	\$5,757	\$5,813	\$5,870	\$5,926	\$5,983
29	0-25	\$5,726	\$5,783	\$5,841	\$5,898	\$5,955	\$6,012	\$6,070
30	0-26	\$5,808	\$5,866	\$5,924	\$5,982	\$6,040	\$6,098	\$6,156
31	0-27	\$5,881	\$5,940	\$5,999	\$6,057	\$6,116	\$6,175	\$6,234
32	0-28	\$5,958	\$6,018	\$6,078	\$6,138	\$6,198	\$6,258	\$6,318
33	0-29	\$6,118	\$6,179	\$6,240	\$6,302	\$6,363	\$6,424	\$6,485
34	0-30	\$6,240	\$6,302	\$6,363	\$6,424	\$6,485	\$6,546	\$6,607
35	0-31	\$6,365	\$6,427	\$6,489	\$6,550	\$6,612	\$6,673	\$6,734
36	0-32	\$6,492	\$6,557	\$6,622	\$6,687	\$6,752	\$6,817	\$6,882
37	0-33	\$6,622	\$6,688	\$6,754	\$6,821	\$6,887	\$6,953	\$7,019
38	0-34	\$6,754	\$6,822	\$6,889	\$6,957	\$7,024	\$7,092	\$7,159

APPENDIX B (Continued)

FY 2016-17 PRINCIPAL SALARY SCHEDULES
PRINCIPAL VII
66 - 100 Teachers
Effective July 1, 2016

Combined Years of Exp	Schedule/ Pay Level	Base Monthly Salary	Base + 1% Monthly Salary	Base + 2% Monthly Salary	Base + 3% Monthly Salary	Base + 4% Monthly Salary	Base + 5% Monthly Salary	Base + 6% Monthly Salary
0-22	0-21	\$5,415	\$5,469	\$5,523	\$5,577	\$5,632	\$5,686	\$5,740
23	0-22	\$5,490	\$5,545	\$5,600	\$5,655	\$5,710	\$5,765	\$5,819
24	0-23	\$5,565	\$5,621	\$5,676	\$5,732	\$5,788	\$5,843	\$5,899
25	0-24	\$5,644	\$5,700	\$5,757	\$5,813	\$5,870	\$5,926	\$5,983
26	0-25	\$5,726	\$5,783	\$5,841	\$5,898	\$5,955	\$6,012	\$6,070
27	0-26	\$5,808	\$5,866	\$5,924	\$5,982	\$6,040	\$6,098	\$6,156
28	0-27	\$5,881	\$5,940	\$5,999	\$6,057	\$6,116	\$6,175	\$6,234
29	0-28	\$5,958	\$6,018	\$6,078	\$6,138	\$6,198	\$6,258	\$6,318
30	0-29	\$6,036	\$6,097	\$6,158	\$6,219	\$6,280	\$6,341	\$6,402
31	0-30	\$6,115	\$6,177	\$6,239	\$6,301	\$6,363	\$6,425	\$6,487
32	0-31	\$6,195	\$6,258	\$6,321	\$6,384	\$6,447	\$6,510	\$6,573
33	0-32	\$6,276	\$6,340	\$6,403	\$6,467	\$6,530	\$6,594	\$6,657
34	0-33	\$6,358	\$6,423	\$6,487	\$6,551	\$6,615	\$6,679	\$6,743
35	0-34	\$6,441	\$6,507	\$6,572	\$6,637	\$6,702	\$6,767	\$6,832
36	0-35	\$6,525	\$6,592	\$6,658	\$6,724	\$6,790	\$6,856	\$6,922
37	0-36	\$6,610	\$6,678	\$6,745	\$6,812	\$6,879	\$6,946	\$7,013
38	0-37	\$6,696	\$6,765	\$6,833	\$6,901	\$6,969	\$7,037	\$7,105
39	0-38	\$6,783	\$6,853	\$6,922	\$6,991	\$7,060	\$7,129	\$7,198
40	0-39	\$6,871	\$6,942	\$7,012	\$7,082	\$7,152	\$7,222	\$7,292
41	0-40	\$6,960	\$7,032	\$7,103	\$7,174	\$7,245	\$7,316	\$7,387
42	0-41	\$7,050	\$7,123	\$7,195	\$7,267	\$7,339	\$7,411	\$7,483
43	0-42	\$7,141	\$7,215	\$7,287	\$7,359	\$7,431	\$7,503	\$7,575
44	0-43	\$7,233	\$7,308	\$7,381	\$7,453	\$7,525	\$7,597	\$7,669
45	0-44	\$7,326	\$7,402	\$7,475	\$7,547	\$7,619	\$7,691	\$7,763
46+	0-45	\$7,420	\$7,497	\$7,570	\$7,642	\$7,714	\$7,786	\$7,858

FY 2016-17 PRINCIPAL SALARY SCHEDULES
PRINCIPAL VIII
101+ Teachers
Effective July 1, 2016

Combined Years of Exp	Schedule/ Pay Level	Base Monthly Salary	Base + 1% Monthly Salary	Base + 2% Monthly Salary	Base + 3% Monthly Salary	Base + 4% Monthly Salary	Base + 5% Monthly Salary	Base + 6% Monthly Salary
0-23	0-23	\$5,565	\$5,621	\$5,676	\$5,732	\$5,788	\$5,843	\$5,899
24	0-24	\$5,644	\$5,700	\$5,757	\$5,813	\$5,870	\$5,926	\$5,983
25	0-25	\$5,726	\$5,783	\$5,841	\$5,898	\$5,955	\$6,012	\$6,070
26	0-26	\$5,808	\$5,866	\$5,924	\$5,982	\$6,040	\$6,098	\$6,156
27	0-27	\$5,881	\$5,940	\$5,999	\$6,057	\$6,116	\$6,175	\$6,234
28	0-28	\$5,958	\$6,018	\$6,078	\$6,138	\$6,198	\$6,258	\$6,318
29	0-29	\$6,036	\$6,097	\$6,158	\$6,219	\$6,280	\$6,341	\$6,402
30	0-30	\$6,115	\$6,177	\$6,239	\$6,301	\$6,363	\$6,425	\$6,487
31	0-31	\$6,195	\$6,258	\$6,321	\$6,384	\$6,447	\$6,510	\$6,573
32	0-32	\$6,276	\$6,340	\$6,403	\$6,467	\$6,530	\$6,594	\$6,657
33	0-33	\$6,358	\$6,423	\$6,487	\$6,551	\$6,615	\$6,679	\$6,743
34	0-34	\$6,441	\$6,507	\$6,572	\$6,637	\$6,702	\$6,767	\$6,832
35	0-35	\$6,525	\$6,592	\$6,658	\$6,724	\$6,790	\$6,856	\$6,922
36	0-36	\$6,610	\$6,678	\$6,745	\$6,812	\$6,879	\$6,946	\$7,013
37	0-37	\$6,696	\$6,765	\$6,833	\$6,901	\$6,969	\$7,037	\$7,105
38	0-38	\$6,783	\$6,853	\$6,922	\$6,991	\$7,060	\$7,129	\$7,198
39	0-39	\$6,871	\$6,942	\$7,012	\$7,082	\$7,152	\$7,222	\$7,292
40	0-40	\$6,960	\$7,032	\$7,103	\$7,174	\$7,245	\$7,316	\$7,387
41	0-41	\$7,050	\$7,123	\$7,195	\$7,267	\$7,339	\$7,411	\$7,483
42	0-42	\$7,141	\$7,215	\$7,287	\$7,359	\$7,431	\$7,503	\$7,575
43	0-43	\$7,233	\$7,308	\$7,381	\$7,453	\$7,525	\$7,597	\$7,669
44	0-44	\$7,326	\$7,402	\$7,475	\$7,547	\$7,619	\$7,691	\$7,763
45	0-45	\$7,420	\$7,497	\$7,570	\$7,642	\$7,714	\$7,786	\$7,858
46+	0-46	\$7,515	\$7,593	\$7,666	\$7,738	\$7,810	\$7,882	\$7,954

NOTES:

1. ADD \$126 per month for an earned advanced degree.
2. ADD \$253 per month for an earned doctorate degree.
3. Placement on one of the Base through Base + 6% salary schedules is determined by 1997-98, 1998-99 and 1999-2000 only ABCs and School Safety accomplishments.
4. A principal shall be placed on the step on the salary schedule that reflects the total number of years of experience as a certified employee of the public schools and an additional step for every 3 years serving as a principal on or before June 30, 2009.



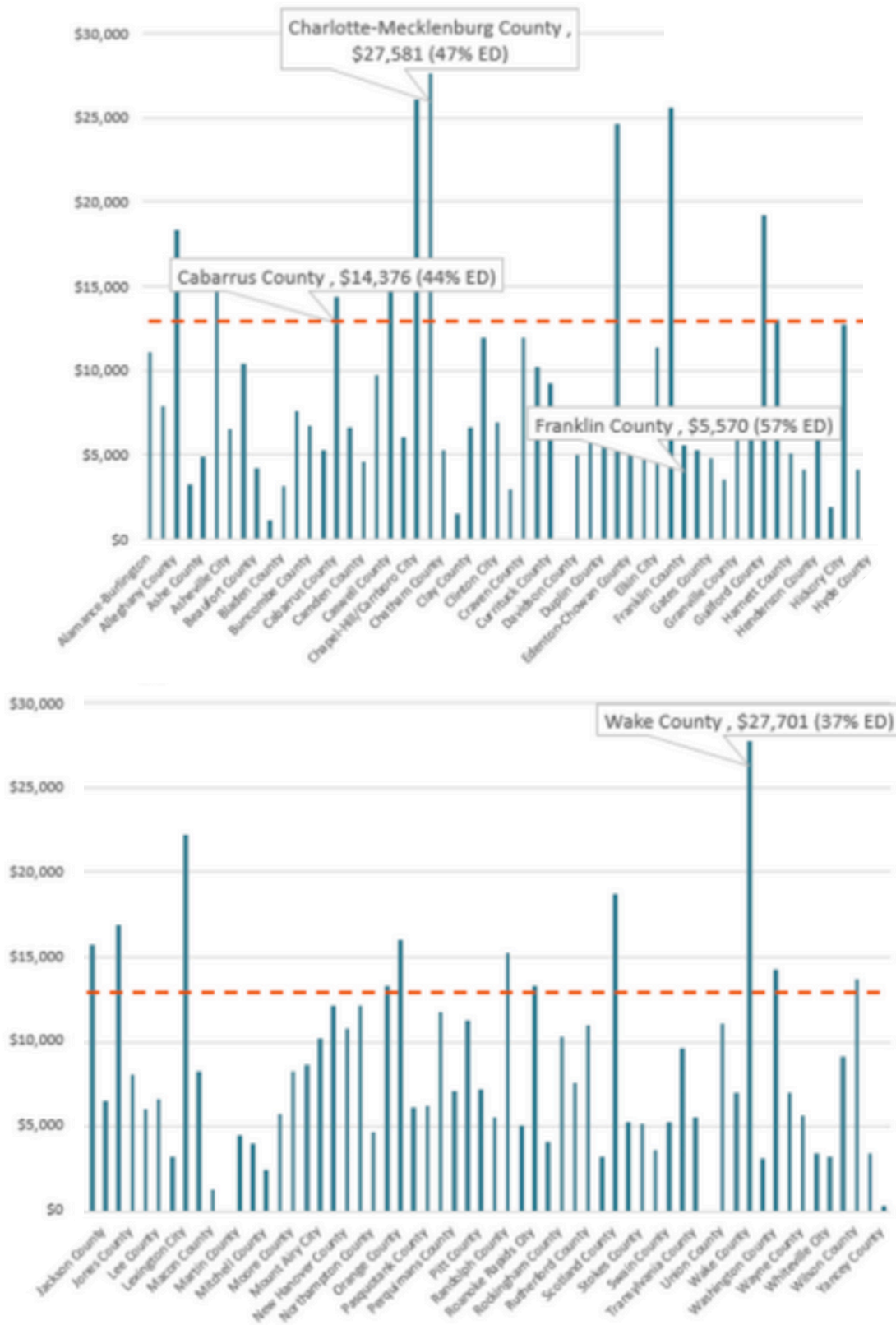
Key Takeaways:

1. The old schedule included approximately 1,500 different possible compensation combinations, with no priority for hard to staff or low-performing schools.
2. There were no incentives to right-size the principal workforce, or for highly effective principals to stay in elementary, middle, or high-poverty schools.

Source: Alexis Schauss, Director of School Business for NC DPI

APPENDIX C

Average Salary Supplement for North Carolina Traditional Public School Principals, by District (2015-16)



Source: NC DPI Statistical Profile, Table 20

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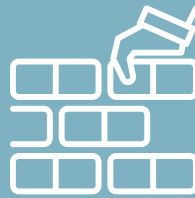
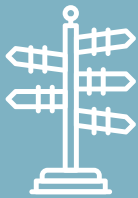
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