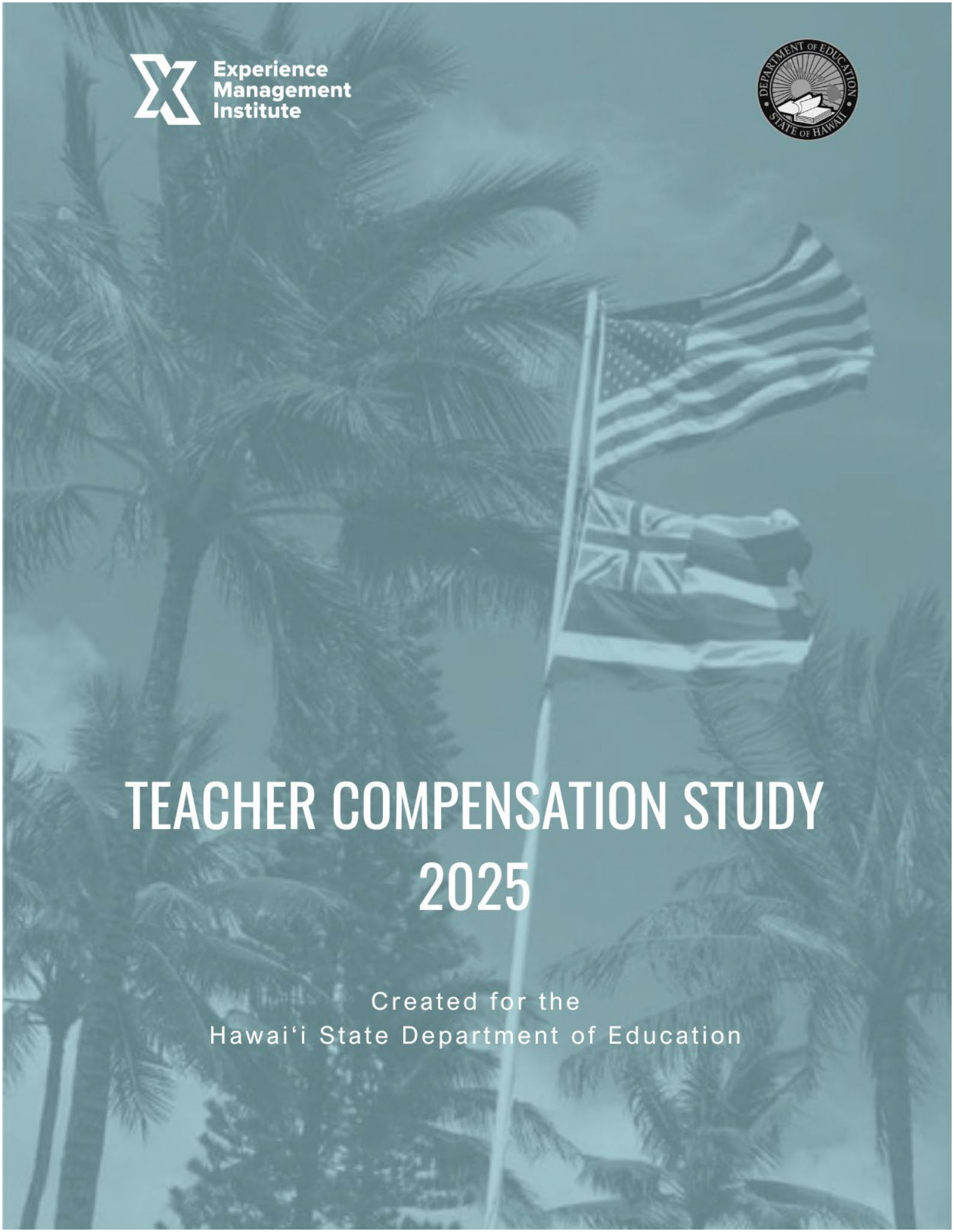

Experience
Management
Institute
DEPARTMENT OF EDUCATION
STATE OF HAWAII
TEACHER COMPENSATION STUDY
2025
Created for the
Hawai‘i State Department of Education

Table of Contents

Executive Summary 2
Purpose and Context 2
Key Objectives 2
Key Findings 2
Recommendations at a Glance 3
Introduction 4
Teacher Workforce Landscape 5
Previous Salary Study 6
Compensation Impact Study Objectives 7
Study Approach 8
Stakeholder Engagement 9
Stakeholder Engagement Principles 10
Leadership Interviews 10
Methodology and Purpose 10
Participant Summary 10
Virtual Listening Sessions 11
Methodology and Purpose 11
Participant Summary 12
Surveys 12
Methodology and Purpose 12
Teacher Survey Respondent Demographics 13
Administrator Survey Respondent Demographics 15
Pay Satisfaction and Teacher Workforce Trends 18
Teacher Turnover Intentions 19
Pay Satisfaction 20
Analysis of Teacher Salary Structures 23
Overview of Step-and-Lane Salary Structures in Education 24
Expectations Built into Step-and-Lane Salary Systems 24
Top of Range: The Purpose of a Pay Maximum 25
Implications for Compensation Modernization 26

Analysis of Hawai‘i Teacher Salary Structures 27
Progression Through the Schedule 27
Findings: Compensation Structure and Policy 29
Perceptions of Hawai‘i Salary Progression 30
Market Study: Assessing External Competitiveness 36
Benchmark Organizations 37
Comparison Group 1: Similar-Sized Districts 38
Comparison Group 2: Geographic Proximity 39
Comparison Group 3: U.S. Territories/Commonwealths 40
Comparison Group 4: Remote Non-Mainland Districts 40
Methodology 41
Data Collection 41
Work Schedule Adjustments: Standardizing for Workdays and Hours 42
Cost of Labor Adjustment: Ensuring Geographic Pay Comparability 43
Market Analysis: All Benchmarks 48
Market Analysis: Similar-Size US Districts 51
Market Analysis: Geographic Proximity 53
Market Analysis: U.S. Territories/Commonwealths 54
Remote Non-Mainland Districts 55
Overall Market Study Findings 55
Analysis of Compensation Changes: Teacher Salary Modernization Project 57
Shortage Differentials 58
Differential Categories and Amounts 58
Findings 59
Compression Adjustments 70
Pay Compression 70
Description of the Compression Adjustments 71
Findings 72
Analysis of Total Rewards Offerings 82
Overview of Offerings 83
Findings and Key Themes 84

Recommendations 87
Overall Recommendations 88
Salary Structure Recommendations 91
Market Study Recommendations 92
Shortage Differential Recommendations 94
Total Rewards Recommendations 96
References 98
Appendix A: Key Terms 101

Executive Summary

Purpose and Context

This study was commissioned to evaluate the effectiveness and equity of Hawai‘i’s current teacher compensation system and to recommend strategies that support recruitment, retention, and long-term workforce sustainability. The effort aligns with Senate Concurrent Resolution 142 and Priority II of the HIDOE Strategic and Implementation Plan (2023–2029), which calls for improving the teacher pipeline and enhancing conditions for educator success.

Key Objectives

The Compensation Impact Study was designed to provide a comprehensive, data-informed assessment of Hawai‘i’s current teacher compensation system, with a particular focus on salary compression and its impact on fairness, morale, and retention. The study began with an in-depth evaluation of the existing salary structure, examining how step placement, pay progression, and internal alignment reflect educators’ experience and qualifications.

From there, the analysis explored the root causes and consequences of salary compression, including how past freezes in step movement have affected long-term earnings and perceptions of fairness. To better understand how Hawai‘i compares nationally, the study included a benchmarking component, comparing HIDOE’s compensation practices to those of peer school districts and other relevant labor markets. This benchmarking was adjusted for cost of labor and work schedule differences to ensure contextual accuracy.

Critically, the study also prioritized educator voice by gathering input from more than 4,200 teachers and administrators through statewide surveys, interviews, and focus groups to understand how compensation is experienced and valued by those in the system. These perspectives were used to inform a set of practical, research-based recommendations aimed at improving compensation equity, transparency, and market competitiveness.

Key Findings

- **The Step-and-Lane System**, while predictable in theory, is perceived by educators in Hawai‘i as inconsistent due to irregular step movement and unclear policies.
- **Market Competitiveness** is an ongoing concern. While overall in Hawai‘i is generally aligned with the market midpoint, competitiveness varies across the salary schedule.

- **Salary Compression Adjustments** improved step placement alignment for many teachers, but dissatisfaction persists due to perceptions of remaining inequities and the limited scope of retroactive pay.
- **Differentials** are helpful but need clearer eligibility criteria, more targeted design, and regular evaluation to ensure they address real staffing needs.
- **Total Rewards**, such as paid leave, are valued, but teachers consistently identify base pay as their most urgent compensation concern.
- **Communication Gaps** across compensation, benefits, and HR systems create confusion, mistrust, and reduce the impact of existing investments.

Recommendations at a Glance

1. **Develop a Compensation Philosophy**
   Establish a transparent, shared framework to guide compensation decisions aligned with HIDOE's values and workforce goals.
2. **Modernize the Salary Structure**
   Strengthen step progression, address pay compression, and improve transparency and predictability in how pay grows over time.
3. **Regularly Conduct Market Studies**
   Use standardized benchmark data to ensure competitiveness and maintain relevance in a shifting labor market.
4. **Improve Use of Differentials**
   Target critical shortages more effectively, clarify criteria, and evaluate impact to ensure equity and effectiveness.
5. **Strengthen the Total Rewards Package**
   Update policies around housing, leave, and recognition. Reduce administrative burdens tied to reclassification and professional development.
6. **Invest in Communication and Transparency**
   Centralize HR guidance, improve stakeholder access to compensation information, and train leaders to ensure consistent application of policies.

INTRODUCTION

Introduction

The quality of a public education system is inextricably linked to the quality of its teachers. In Hawai‘i, a state renowned for its natural beauty and unique cultural heritage, the challenge of attracting and retaining highly qualified educators is particularly acute. The state’s geographic isolation, coupled with an exceptionally high cost of living, creates a difficult environment for teachers, many of whom struggle to make ends meet on a public servant’s salary. This report provides a data-driven analysis of teacher compensation in Hawai‘i, examining the complex interplay of salary structures, market competitiveness, and workforce equity. Our goal is to provide state-level decision-makers with a clear understanding of the current landscape and to offer actionable recommendations for building a more sustainable and equitable teacher compensation system.

Teacher Workforce Landscape

The American teaching profession stands at a critical juncture, with emerging data revealing both encouraging trends and persistent challenges that threaten the stability of our nation's educator workforce. While recent surveys show some improvement in teacher retention intentions, with departure plans declining from 22% in 2024 to 16% in 2025 (Steiner et al., 2025), significant disparities persist across demographic lines. These retention challenges are compounded by the stark reality that interest in teaching among high school and college students has reached its lowest point in decades (Learning Policy Institute, 2025).

The turnover crisis continues to drive workforce instability, with teacher attrition comprising approximately 90% of annual teacher demand nationwide (Learning Policy Institute, 2025). Notably, less than one-fifth of departing teachers are retiring, indicating that most exits represent preventable losses of talent and experience. Among teachers considering job changes, 40% are looking outside education entirely, suggesting that the profession is losing educators not just to other schools, but to other careers altogether (Pew Research Center, 2024). This pattern has created a shortage crisis affecting one in eight teaching positions nationally, with over 411,000 positions either unfilled or staffed by teachers lacking full certification (Learning Policy Institute, 2025).

Teacher satisfaction presents a mixed picture, with two-thirds of educators reporting workplace satisfaction, yet only 22% expressing extreme satisfaction with their roles (Gallup, 2025). Burnout remains a significant concern, affecting 53% of teachers in 2025, though this represents an improvement from 60% the previous year. Gender disparities in stress are particularly pronounced, with 68% of female teachers experiencing frequent job-related stress compared to 46% of their male colleagues. (Steiner et al., 2025). The satisfaction gap is closely tied to resource availability, as

teachers with adequate materials and equipment report satisfaction rates of 77%, compared to just 44% among those lacking necessary resources (Walton Family Foundation & Gallup, 2025).

Financial pressures continue to undermine the profession's appeal and sustainability. The financial strain extends beyond base salaries, as teachers spend an average of $895 of their own money on classroom supplies—a 49% increase since 2015—while 97% report that their school-provided budgets are insufficient (AdoptAClassroom.org, 2025). These economic pressures force 40% of teachers to work second jobs and contribute to 87% of educators citing low pay as a moderate or serious concern (National Education Association, 2025).

Looking ahead, the convergence of these factors—persistent turnover, declining interest in the profession, ongoing satisfaction challenges, and financial pressures—signals a potential crisis in teacher workforce sustainability. Without comprehensive policy interventions addressing compensation, working conditions, and professional support, the nation risks further erosion of its teaching force at a time when educational recovery and innovation are most critical. The data suggests that while some indicators show modest improvement, the fundamental structural challenges facing the teaching profession require urgent, sustained attention from education leaders and policymakers.

Previous Salary Study

Over the past decade, HIDOE has taken several important steps to address the systemic challenges impacting its educator workforce. The 2020 Teacher Compensation Study and the follow-on Teacher Salary Modernization Project provided critical insight into the structure, competitiveness, and clarity of teacher pay systems. These efforts highlighted persistent issues including salary compression, inequitable advancement opportunities, and a lack of alignment between compensation and evolving workforce expectations.

Building upon these foundational efforts, the Hawai‘i State Legislature passed Senate Concurrent Resolution 142 (SCR 142) during the 2024 legislative session. This resolution specifically urged HIDOE to conduct a comprehensive analysis of its current teacher salary schedule, with an emphasis on understanding the impact of step movements implemented during the modernization project. SCR 142 acknowledged both the progress that had been made and the concerns that remained—particularly regarding the long-term effects of schedule compression on workforce stability, teacher morale, and perceptions of fairness.

Simultaneously, the HIDOE’s 2023–2029 Strategic and Implementation Plan offers a broader policy framework within which this work is situated. Under Priority II: High-Quality Learning Experiences, Opportunities, and Outcomes for All Students, the plan

emphasizes the importance of staffing all schools with highly effective educators. A central component of that strategy is ensuring that compensation structures are competitive, sustainable, and clearly aligned with the department's broader goals of educational excellence and equity.

Together, SCR 142 and the Strategic Plan create a unified call to action: develop a compensation framework that is reflective of educators' contributions, responsive to Hawai'i's economic realities, and capable of supporting long-term recruitment and retention strategies. This study represents a critical step toward fulfilling that vision, offering HIDOE the opportunity to strengthen its human capital systems and reaffirm its commitment to Hawai'i's educators and keiki.

Compensation Impact Study Objectives

The Compensation Impact Study was commissioned to provide a data-driven analysis of teacher compensation within the Hawai'i State Department of Education (HIDOE), with the ultimate goal of improving teacher recruitment and retention across the state. This work directly supports Senate Concurrent Resolution 142 and advances Priority II of HIDOE's 2023–2029 Strategic Plan to strengthen and diversify the education workforce.

The study was grounded in four interconnected areas of work:

1. **Analyze Compensation Changes**
   Assess the effects of recent salary adjustments, including the introduction of pay differentials and 2022 compression repricing, on teacher pay equity, perceived fairness, and long-term earnings potential.
2. **Conduct a Market Pay Study**
   Collect and analyze salary schedule data from comparable school systems across the U.S. to benchmark HIDOE's teacher pay against regional and national labor markets. Adjustments for work schedule and cost of labor ensured fair, context-specific comparisons.
3. **Evaluate Salary Structures and Step Movement**
   Conduct a detailed review of HIDOE's step-and-lane salary schedule, with particular attention to internal alignment, step progression, and reclassification processes.
4. **Gather Stakeholder Feedback**
   Engage educators, administrators, and other stakeholders through focus groups, interviews, and a statewide survey to understand lived experiences with the compensation system and priorities for improvement.

Together, these components informed a comprehensive set of evidence-based recommendations aimed at modernizing HIDOE's compensation framework. The study

emphasizes transparency, alignment with market realities, and reinforcement of educators' expectations for fairness, growth, and recognition.

By grounding findings in both quantitative benchmarking and educator voice, the study provides HIDOE with a roadmap for building a more competitive, equitable, and sustainable teacher compensation system.

Study Approach

Experience Management Institute (EXMI) designed this Compensation Impact Study using a balanced, evidence-based approach that integrates rigorous data analysis with meaningful stakeholder engagement. Our approach centers on the belief that effective human capital systems must be aligned with the lived experiences of those they serve. This study leverages EXMI's national expertise in compensation strategy, education workforce systems, and large-scale public sector transformation to assess salary compression, evaluate market competitiveness, and recommend solutions tailored to the Hawai‘i State Department of Education (HIDOE).

The EXMI team employed a four-phase process:

1. **Plan & Align**
   Collaborated with HIDOE leadership to confirm project scope, establish shared expectations, and define communication protocols to support transparency and shared understanding throughout the process.
2. **Engage & Listen**
   Conducted in-person interviews, virtual listening sessions, and a statewide educator survey to surface perceptions, experiences, and ideas regarding compensation and career sustainability.
3. **Analyze**
   Examined internal salary data, benchmarked HIDOE's compensation structure against relevant labor markets, and recommended data-based solutions. Assessed the impact of compensation changes on recruitment and retention metrics.
4. **Synthesize & Recommend**
   Integrated qualitative and quantitative findings to develop a clear set of recommendations focused on improving pay equity, recruitment, and retention.

EXMI's approach emphasizes clarity and practicality. Drawing on its national expertise in compensation design, public sector transformation, and education workforce strategy, the firm prioritized solutions that are not only financially responsible but also aligned with HIDOE's long-term vision.

STAKEHOLDER ENGAGEMENT

Experience Management Institute

Stakeholder Engagement

Stakeholder Engagement Principles

The Compensation Impact Study was designed to ensure that findings and recommendations are grounded in the lived experiences, professional insights, and diverse contexts of Hawai‘i’s educator workforce. To promote participation and candid responses, the stakeholder engagement process was grounded in the following principles:

- **Inclusivity**: Multiple participation pathways were offered to accommodate differences in schedule, location, and access.
- **Representation**: Educators from across all islands, complex areas, school types, and professional roles were included to reflect system-wide realities.
- **Transparent Communication**: From the outset, participants were informed about the purpose of the study and how their input would be used.
- **Psychological Safety**: Participation was voluntary, and responses were aggregated to protect confidentiality.

By honoring these principles, the engagement strategy aimed to create an environment of trust, respect, and shared ownership, where educators could speak freely and constructively about compensation policies that directly affect their professional lives.

Leadership Interviews

Methodology and Purpose

One-on-one and small-group interviews were designed to elicit deep, candid insight into the compensation system from those who shape, implement, and advocate for policy across the state. The interviews provided space for participants to reflect on historical challenges, current perceptions, and future possibilities, contributing directly to the study’s strategic analysis and recommendations. Most interviews were conducted between June 2–5, 2025, with additional follow-up interviews held throughout June and July based on referrals and recommendations from initial participants.

The interviews were guided by a semi-structured protocol to ensure consistency across sessions while allowing flexibility to explore emerging themes. Standardized opening and closing scripts were used to reinforce the purpose of the conversation, confidentiality protection, and how the feedback would be used.

Participant Summary

Participants included senior HIDOE officials, complex area superintendents, principals, union leadership, and staff involved in human resources and labor relations. Collectively, these individuals provided perspectives from both policy and operational

levels, contributing critical insight into how compensation structures are designed, understood, and experienced across the system.

Table 1: Summary of Leadership Interview Participants

Group	# of Participants
Hawai‘i Board of Education	2
HIDOE Superintendent and Cabinet	8
Hawai‘i State Teachers Association (HSTA)	7
Department of Human Resources Development (DHRD)	4
Department of the Attorney General	1
Office of Collective Bargaining	1
Complex Area Superintendents	4
Principals	6
HIDOE Recruitment Team	3
TOTAL	**37**

Virtual Listening Sessions

Methodology and Purpose

To maximize accessibility and participation across Hawai‘i’s diverse educational communities, EXMI facilitated a series of six virtual listening sessions in late May and early June. These sessions were scheduled across three dates, with two-time options per day (after school and evening), to accommodate educators’ varied work schedules and personal obligations.

Each session followed a structured facilitation format, combining guided discussion prompts with real-time polling. Participants were invited to share their experiences and perspectives on:

- Pay differentials
- Salary compression adjustments
- Total rewards offerings, including benefits, professional development, and work-life supports.

By framing the sessions around both individual experiences and system-level questions, the virtual listening sessions created a critical bridge between lived educator realities and the technical analysis driving the Compensation Impact Study.

Sessions were designed to foster candid reflection. Participants were informed that participation was voluntary, and comments would be anonymized and reported only in aggregate. In addition, participants were asked to adhere to a shared set of engagement norms, including confidentiality, mutual respect, and attentiveness. This

framework helped ensure that diverse perspectives could be shared openly and productively.

Participant Summary

The virtual format enabled broad geographic participation, with educators joining from every island and complex area. A total of 219 educators registered for a session, including classroom teachers, librarians, and student support staff. Across the six sessions, 99 educators actively participated, offering diverse perspectives on both the impact of recent compensation changes and priorities for future improvement.

Table 2: Summary of Virtual Listening Session Participants by Work Location

Location	# of Participants
ʻAiea-Moanalua-Radford	5
Baldwin-Kekaulike-Kūlanihākoʻi-Maui	18
Campbell-Kapolei	7
Castle-Kahuku	2
Farrington-Kaiser-Kalani	4
Hāna-Lahainaluna-Lānaʻi-Molokai	3
Honokaʻa-Kealakehe-Kohala-Konawaena	11
Kailua-Kalāheo	7
Kaimukī-McKinley-Roosevelt	6
Kapaʻa-Kauaʻi-Waimea	3
Kaʻū-Keaʻau-Pāhoa	5
Leilehua-Mililani-Waialua	6
Nānākuli-Waiʻanae	7
Pearl City-Waipahu	3
State or District Office Teacher	4
Unknown	8
TOTAL	**99**

Surveys

Methodology and Purpose

To complement the interviews and listening sessions, two parallel statewide surveys were administered—one for teachers and one for school administrators. These instruments were designed to capture large-scale data on educator perceptions of Hawaiʻi's teacher compensation system.

The surveys explored experiences and opinions related to the following areas:

- Teacher salary schedule structure and progression
- Reclassification process
- Shortage differentials
- Compensation administration

- Employee benefits, incentives, and working conditions

In addition, the surveys collected demographic and professional background information to enable analysis across roles, locations, experience levels, and identities. This allowed the study team to examine patterns in compensation perceptions across the HIDOE workforce.

Survey administration began on July 30, 2025, and responses were collected through August 20, 2025. Invitations were sent via email by HIDOE to all educators paid on the teacher salary schedule, as well as to all school administrators. Participants were informed that the survey was voluntary and that individual responses would remain strictly confidential.

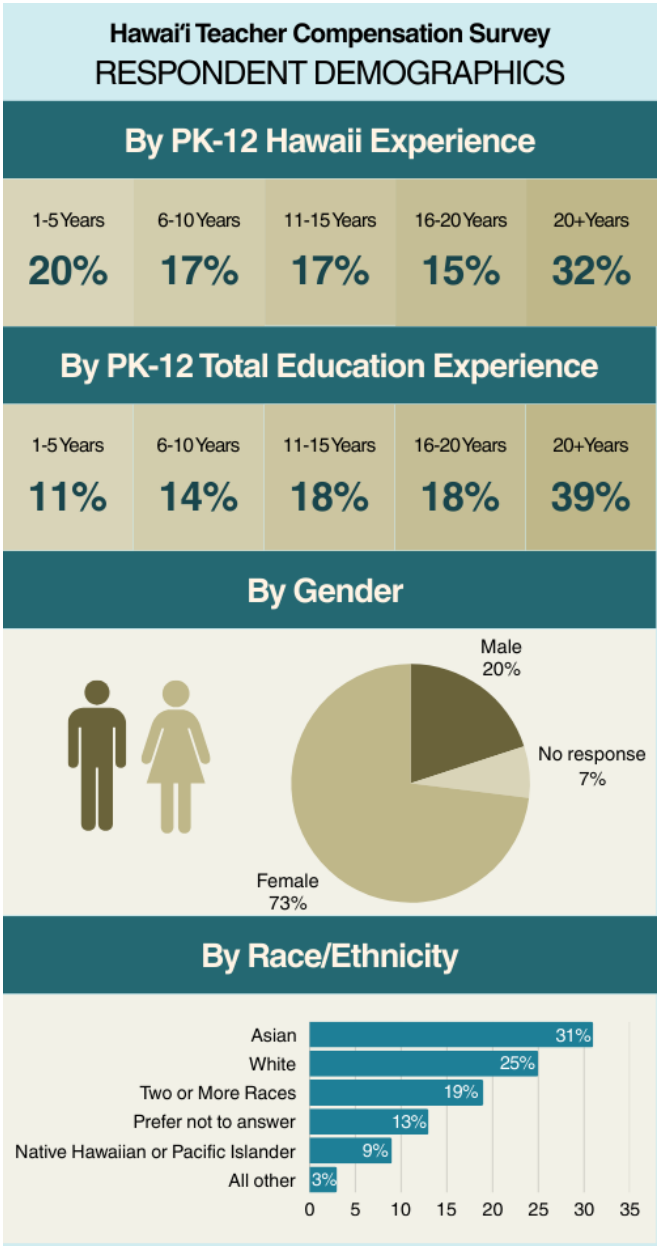
Teacher Survey Respondent Demographics

The Teacher Compensation Survey received a total of 1,495 valid responses. Of these, the vast majority (87%) were classroom teachers. An additional 5.8% identified as counselors, and the remaining 7.2% represented other roles compensated on the teacher salary schedule, including librarians, registrars, student activities coordinators (SAC), and student services coordinators (SSC). Respondents represented a diverse cross-section of HIDOE's educator workforce.

Education Experience

Teacher respondents represented a broad spectrum of professional experience, both within Hawai'i and across their full PK–12 education careers. When asked how many years they had worked specifically in Hawai'i's PK–12 system, 32% of respondents reported more than 20 years of in-state experience while 20% had 1–5 years of

Figure 1: Respondent Demographics for the Hawai'i Teacher Compensation Survey



service. This range reflects strong participation from both long-serving and newer Hawai‘i educators.

When considering total PK–12 education experience, including time spent teaching in other states or systems, the data revealed a slightly more experienced respondent pool overall, with 39% reported having worked more than 20 years in education and another 18% each in the 11-15 and 16-20-year categories. These proportions indicate that the survey captured the perspectives of teachers across all stages of their careers, offering a rich mix of early-career, mid-career, and veteran voices to inform the compensation analysis.

Gender

The gender distribution of survey respondents closely mirrors that of the overall HIDOE educator workforce. Female educators made up 73% of teacher survey participants, nearly identical to the 74% representation of women in the statewide educator workforce. Male respondents accounted for 20%, compared to 24% of HIDOE educators overall. An additional 7% of survey participants chose not to indicate a gender, slightly higher than the 1.3% of HIDOE educators whose gender is not recorded in official data. This alignment suggests strong demographic representation and reinforces the reliability of survey insights across gender groups.

Race and Ethnicity

Teacher survey respondents reflected a range of racial and ethnic identities, broadly aligning with the diversity of Hawai‘i’s educator workforce. Among participants, 31% identified as Asian, 25% as White, and 19% as Two or More Races. An additional 13% preferred not to answer, while 9% identified as Native Hawaiian or Pacific Islander, and 3% selected another category.

Work Location

Teachers from all 15 HIDOE complex areas participated in the survey, contributing to a geographically varied dataset. The table below displays the distribution of respondents by work location. No single complex area accounted for more than 11% of the responses, ensuring that no region was disproportionately represented. This broad participation base ensured that educator perspectives from urban, rural, and remote communities were reflected in the analysis and recommendations.

Table 3: Summary of Teacher Survey Respondents by Work Location

Work Location	# of Responses	% of Responses
‘Aiea-Moanalua-Radford	110	7.4%
Baldwin-Kekaulike-Kūlanihāko‘i-Maui	160	10.7%
Campbell-Kapolei	118	7.9%
Castle-Kahuku	71	4.7%

Work Location	# of Responses	% of Responses
Farrington-Kaiser-Kalani	122	8.2%
Hāna-Lahainaluna-Lānaʻi-Molokai	52	3.5%
Hilo-Waiākea	68	4.5%
Honokaʻa-Kealakehe-Kohala-Konawaena	129	8.6%
Kailua-Kalāheo	57	3.8%
Kaimukī-McKinley-Roosevelt	133	8.9%
Kapaʻa-Kauaʻi-Waimea	90	6.0%
Kaʻū-Keaʻau-Pāhoa	80	5.4%
Leilehua-Mililani-Waialua	133	8.9%
Nānākuli-Waiʻanae	54	3.6%
Pearl City-Waipahu	98	6.6%
State or District Office	20	1.3%
TOTAL	**1495**	**100%**

Administrator Survey Respondent Demographics

The Administrator Survey received a total of 56 responses. Of these, 95% of respondents represented school administrators working across multiple complex areas within HIDOE, and 5% were district staff members.

Education Experience

Administrator respondents represented an experienced segment of Hawaiʻi ’s PK–12 leadership workforce. When asked how many years they had worked specifically in Hawaiʻi’s PK–12 system, the vast majority reported long-term service, with most administrators indicating 20 or more years in-state. Smaller groups reported 16–20 years (20%), 11–15 years (7%), 6–10 years (2%), and 1–5 years (2%), demonstrating that while the pool is weighted toward veteran leaders, voices from across different career stages were also represented.

When considering total PK–12 education experience, including time spent working in other states or systems, the distribution closely mirrored in-state service. Three-quarters of administrators (75%) reported more than 20 years of total experience, with another 18% in the 16–20-year range. Only a small share of respondents fell into earlier career brackets. These results indicate that the survey captured perspectives from a deeply experienced administrator workforce, offering insights shaped by decades of service and institutional knowledge.

Gender

The gender breakdown among administrator survey respondents reflected a relatively balanced distribution. Female administrators comprised 48% of respondents, while male administrators accounted for 43%. An additional 9% chose not to disclose their gender. This balance helps ensure that the perspectives represented in the data are not overly skewed toward one gender group.

Race and Ethnicity

Administrator survey respondents reflected a broad mix of racial and ethnic identities. Among participants, 32% identified as Asian, 20% as White, and 18% as Native Hawaiian or Pacific Islander. An additional 14% reported Two or More Races, while 13% preferred not to answer, and 4% identified with another racial/ethnic category. This distribution highlights the diversity of Hawai‘i’s school leadership workforce.

Work Location

Administrators from multiple HIDOE complex areas as well as district offices participated in the survey, contributing to a geographically diverse dataset. The largest share of responses came from the Kapa‘a–Kaua‘i–Waimea complex (27%), with other major contributions from Castle–Kahuku, Kaimukī–McKinley–Roosevelt, and Leilehua–Mililani–Waialua (each around 9–11%). No single complex accounted for more than one-third of responses, ensuring that perspectives were drawn from across the state’s varied educational contexts.

Figure 2: Respondent Demographics for the Hawai‘i Administrator Survey

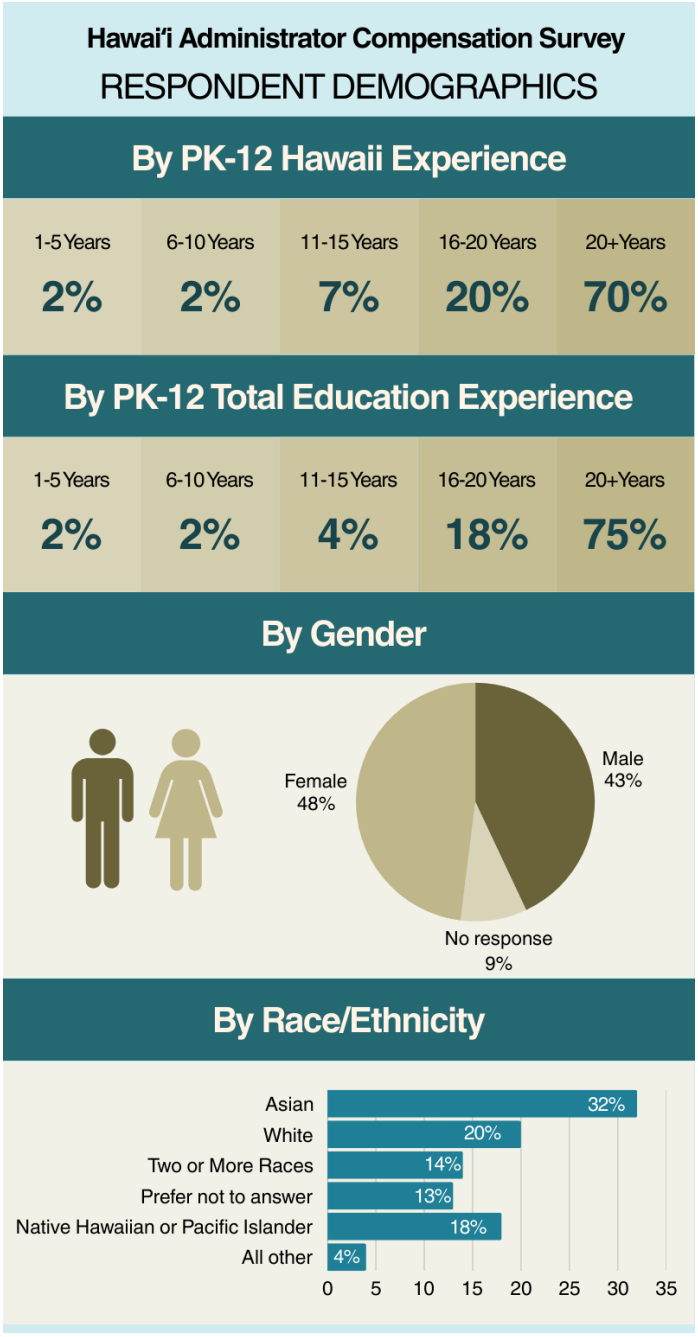


Table 4: Summary of Administrator Survey Respondents by Work Location

Work Location	# of Responses	% of Responses
Kapa'a-Kaua'i-Waimea	15	26.8%
Castle-Kahuku	6	10.7%
Kaimukī-McKinley-Roosevelt	6	10.7%
Leilehua-Mililani-Waialua	5	8.9%
Hilo-Waiākea	4	7.1%
Honoka'a-Kealakehe-Kohala-Konawaena	4	7.1%
District Office Staff	3	5.4%
Pearl City-Waipahu	2	3.6%
'Aiea-Moanalua-Radford	2	3.6%
Kailua-Kalāheo	2	3.6%
Hāna-Lahainaluna-Lāna'i-Molokai	2	3.6%
Ka'ū-Kea'au-Pāhoa	1	1.8%
Nānākuli-Wai'anae	1	1.8%
Farrington-Kaiser-Kalani	1	1.8%
Campbell-Kapolei	1	1.8%
Baldwin-Kekaulike-Kūlanihāko'i-Maui	1	1.8%
TOTAL	**56**	**100%**

PAY SATISFACTION & TEACHER WORKFORCE TRENDS

Experience Management Institute

Pay Satisfaction and Teacher Workforce Trends

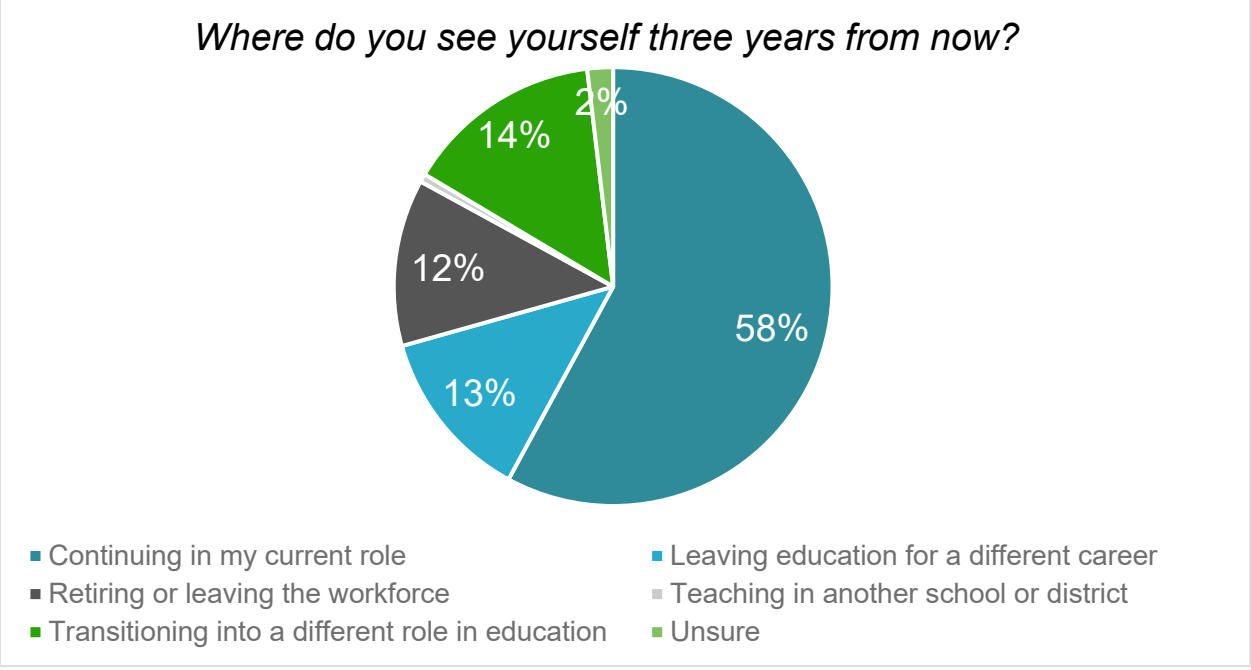
Understanding the factors that influence teacher satisfaction and workforce stability is essential to building a sustainable and responsive compensation system. Using survey responses, this section explores two interrelated areas that underscore both the urgency of retention challenges and the need for broader conversations about compensation adequacy and work-life balance. All survey findings in this report are based solely on valid responses. Non-responses were excluded from the analysis to ensure that percentages reflect the views of those who provided an answer to each question.

Teacher Turnover Intentions

In response to the question, *Where do you see yourself three years from now?*, teacher survey data reveals a notable degree of uncertainty and mobility within Hawai‘i’s educator workforce. While 58% of respondents indicated they plan to continue in their current roles, nearly 40% foresee leaving the classroom—either by transitioning into a different role in education (14%), pursuing a different career outside of education (13%), retiring or leaving the workforce entirely (12%).

These findings signal significant retention challenges within the system. With four in ten educators envisioning a future outside their current classroom role, HIDOE faces the risk of continued staffing instability unless action is taken to address the underlying factors driving attrition.

Figure 3: Three-Year Outlook: Teacher Turnover Intentions



Pay Satisfaction

Teacher satisfaction with compensation was overwhelmingly negative across all measures. Nearly 66% of teachers expressed dissatisfaction with the amount of their current pay, and nearly half were dissatisfied with their pay compared to other teachers in Hawai‘i. Dissatisfaction grew sharper when comparing teacher pay to broader benchmarks: more than 75% were dissatisfied with their pay relative to other U.S. states, and over 80% were dissatisfied when compared to jobs outside education requiring a bachelor’s degree. The starkest result came in relation to cost of living, where nearly 94% of teachers reported dissatisfaction, with fewer than 3% satisfied. These findings highlight a strong perception among teachers that compensation does not align with either professional expectations or the realities of living in Hawai‘i.

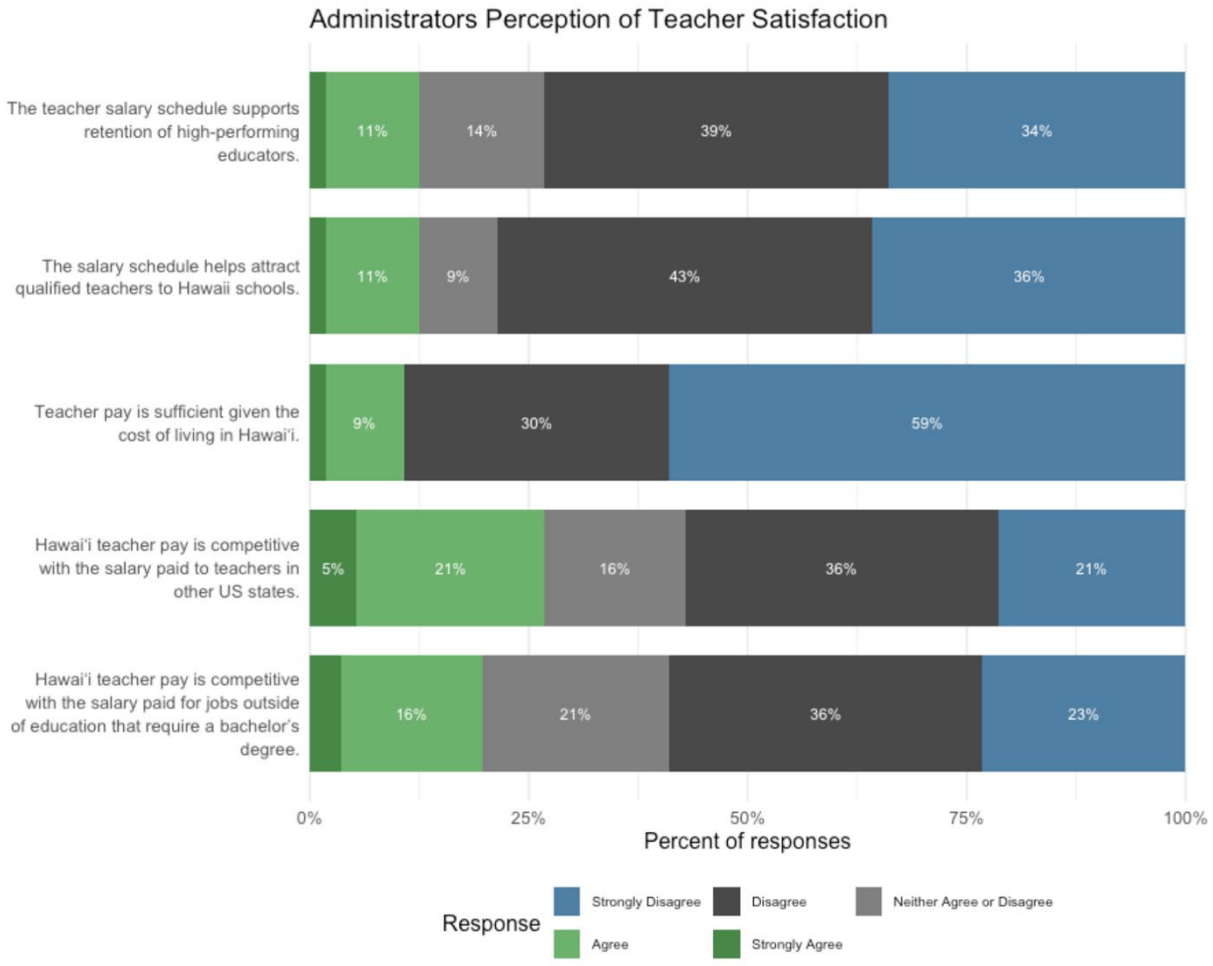
Figure 4: Hawai‘i Teacher Pay Satisfaction



Administrators also viewed teacher pay as inadequate, though their responses were slightly less negative. A majority disagreed that pay is competitive with other states or with bachelor’s-level jobs outside education. Similarly, more than 85% disagreed or strongly disagreed that teacher pay is sufficient given Hawai‘i’s high cost of living. On

measures of recruitment and retention, fewer than one-third of administrators agreed that the salary schedule helps attract or retain high-performing teachers, while about two-thirds disagreed. Taken together, administrators acknowledged the same fundamental issue as teachers: compensation is not seen as competitive or sufficient, and its limitations hinder both recruitment and retention.

Figure 5: Administrator Perceptions of Hawai'i Teacher Pay



Supplemental Employment and Financial Pressure

In addition to widespread dissatisfaction with current pay levels, nearly half of surveyed teachers (47.8%) reported holding a second job or engaging in income-generating activities outside of their education role in the past year. This finding underscores the financial strain many educators face and aligns with national trends. According to a 2024 NEA survey, approximately 40% of pre-K–12 teachers across the U.S. hold multiple jobs to make ends meet (National Education Association, 2025).

The high rate of secondary employment among HIDOE teachers reinforces a key theme echoed throughout this study: base pay is not perceived as sufficient to meet the cost of living in Hawai‘i. The need for outside work adds stress, reduces time for rest and professional growth, and may contribute to burnout and attrition over time.

ANALYSIS OF TEACHER SALARY STRUCTURES

Experience Management Institute

Analysis of Hawai‘i Teacher Salary Structures

Overview of Step-and-Lane Salary Structures in Education

Most school districts across the United States use a salary structure known as the step-and-lane system to determine teacher compensation. This system is designed to account for both professional experience and educational attainment while offering a predictable pathway for salary growth over the course of a teacher's career. Originally developed in the mid-20th century, the step-and-lane structure was introduced as a reform to standardize compensation and eliminate pay disparities based on race and gender in school systems (Hansen & Quintero, 2017). By tying salary increases to objective criteria, this system aimed to promote fairness and professionalism within the teaching workforce.

In this model, a teacher's pay is determined by their placement along two axes:

- **Steps** reflect years of service or credited experience. Teachers typically automatically advance one step each year, assuming they meet service and performance requirements. Each step provides a predetermined salary increase.
- **Lanes** correspond to academic credentials or professional development milestones. Teachers move across lanes by completing additional graduate coursework, earning advanced degrees, or obtaining continuing education units (CEUs).

Movement through the schedule typically occurs annually for step progression and periodically for lane advancement, once qualifying criteria are met. However, progression is not always automatic. Some districts make step movements contingent upon a satisfactory performance evaluation. During economic downturns or budget constraints, districts may freeze step movements, resulting in delayed or halted pay increases. Likewise, movement across lanes requires formal documentation and may vary depending on district policy.

The step-and-lane model is widely used because it is transparent and easy to understand. Educators can generally anticipate how their salary will grow. However, the system has also drawn criticism for being rigid and not always responsive to market conditions or individual performance.

Expectations Built into Step-and-Lane Salary Systems

In public education, the step-and-lane salary schedule operates as more than just a pay structure. It forms the foundation of a psychological contract between educators and the school system. This psychological contract refers to the unwritten set of expectations and mutual obligations that employees believe exist between themselves and their employer (Rousseau, 1990).

Under this structure, teachers expect that as they gain experience and pursue additional education, their compensation will grow in a predictable, fair, and transparent way. The schedule offers clarity about what teachers must contribute—years of service and continuing education—and what they will receive in return—step increases and lane advancements. Teachers often enter the profession assuming that, as long as they stay and continue learning, their pay will steadily increase. These expectations become deeply internalized, shaping long-term beliefs about how the system should function.

According to Rousseau (1995), once these psychological contracts are formed, they are not easily changed. They become mental models that resist disruption, especially when reinforced by collective norms. When many individuals within an organization share the same expectations, such as the belief that step movement should occur annually, this becomes a normative contract, amplifying the impact of any perceived breach.

When employers fail to meet these expectations (e.g., step movement is frozen, reclassification is delayed, or pay becomes compressed), educators may view this as a violation of the psychological contract. Such perceived breaches can trigger emotional responses, including frustration, disengagement, or a loss of trust in leadership (Rousseau, 1990). Teachers may feel that their loyalty and contributions have not been honored, which can reduce morale and erode confidence in the compensation system. On the other hand, fulfilling the expectations embedded in the schedule (e.g., timely step movements, equitable pay increases, and clear communication) can strengthen the relationship between educators and their employer.

Top of Range: The Purpose of a Pay Maximum

A pay range defines the minimum, midpoint, and maximum salary an organization is willing to pay for a specific role or job classification. The maximum represents the highest value the organization deems appropriate for the responsibilities of the role based on market data and internal compensation philosophy. It serves as a strategic boundary designed to ensure financial sustainability and internal equity.

Pay range maximums have two essential functions:

- Financial Sustainability: Salary caps help control labor costs and ensure long-term financial predictability. Without a maximum, long-tenured employees' salaries could grow indefinitely leading to unsustainable payroll growth over time.
- Internal Equity and Pay-for-Performance Integrity: A maximum reinforces the principle that pay is for the job, not the person in the role. It helps preserve clear distinctions between levels of responsibility. If a teacher’s pay continues to grow unchecked, it could eventually surpass the pay of a principal or other leadership role. This situation creates a form of pay compression referred to as salary inversion. Pay compression occurs when there is little difference in pay between employees with

different levels of responsibility, which can erode the value of career advancement and undermines morale.

When a valued employee reaches the maximum of their pay range, it requires thoughtful, proactive conversations. The goal is to continue recognizing their contributions without violating the integrity of the compensation structure. Options for recognition could include the following:

- Use Lump-Sum Bonuses: Instead of a base salary increase, reward high-performing employees at the maximum with a one-time lump-sum bonus. This recognizes their performance without compounding base pay and creating future budget issues.
- Focus on Career Development: Have a transparent conversation about career growth. The path to higher pay is through promotion to a role in a higher pay grade. Discuss opportunities for skill development, mentorship, or taking on stretch assignments that prepare them for the next level.
- Offer Non-Monetary Rewards: Explore other valued rewards, such as additional paid time off, flexible work arrangements, or professional development opportunities.
- Review the Pay Range: If multiple high-performing employees are hitting the maximum, it may be a sign that the pay range itself is no longer aligned with the market. Conduct a market analysis to ensure your ranges are still competitive.

All positions should have an established minimum and maximum pay based on job duties and responsibilities. Pay range maximums are not arbitrary ceilings but intentional guardrails that balance fiscal responsibility with internal equity. When employees reach the cap, organizations should proactively address the situation in ways that maintain the integrity of compensation system. By managing maximums thoughtfully, employers protect sustainability, preserve fairness, and strengthen employee trust in the compensation system.

Implications for Compensation Modernization

Compensation changes carry significant weight because they may challenge long-standing assumptions and expectations held by educators. While traditional step-and-lane schedules are valued for offering a clear and predictable path for salary growth, Hawai‘i’s current system does not fully deliver on that promise. In Hawai‘i, step movement is not automatic but instead subject to collective bargaining, which has resulted in years where teachers saw no movement on the salary schedule. This history has weakened trust in the system’s fairness and reliability.

Assumption	Reality
Predictable Salary Growth: As a teacher gains experience and pursues educational opportunities, their salary will grow in a predictable and transparent way.	Because Hawai‘i step movement is negotiated, salary growth is unpredictable.
Unlimited Salary Growth: If a teacher stays and continues their learning, their pay will steadily increase.	Positions should have an established minimum and maximum pay based on job duties and requirements.
More Is Better: Adding steps and classes always improves earnings potential.	Lifetime earnings improve the faster an educator reaches the top of the salary schedule. Adding steps slows the time to reach the top of the schedule.

To successfully modernize compensation, leaders should approach reform with transparency, careful planning, and meaningful stakeholder engagement. Rather than discarding the step-and-lane structure, modernization efforts should focus on restoring the predictability and procedural fairness that educators expect from it. Enhancements should aim to reduce pay compression, strengthen equity, and align incentives with the responsibilities and realities of today’s teaching roles.

As Hawai‘i considers adjustments to its compensation structure, it will be crucial to strike a balance between market competitiveness and fiscal sustainability, while also considering the expectations shaped by decades of established practice. Teachers need a clear understanding of how they can continue to grow their compensation through service, credentials, performance, or other contributions. They should also feel confident that the system will protect against stagnation. When compensation changes are aligned with broader workforce goals and communicated clearly, the system can continue to serve as a source of motivation and stability rather than a cause for frustration or mistrust.

Analysis of Hawai‘i Teacher Salary Structures

The Hawai‘i Department of Education (HIDOE) utilizes a step-and-class salary structure currently consists of 12 steps across six classes (Class II–Class VII), creating a total of 72 potential pay points. Beginning in the 2025–26 school year, an additional class (Class VIII) will be added to address compression at the top of the salary schedule and incentivize professional development.

Progression Through the Schedule

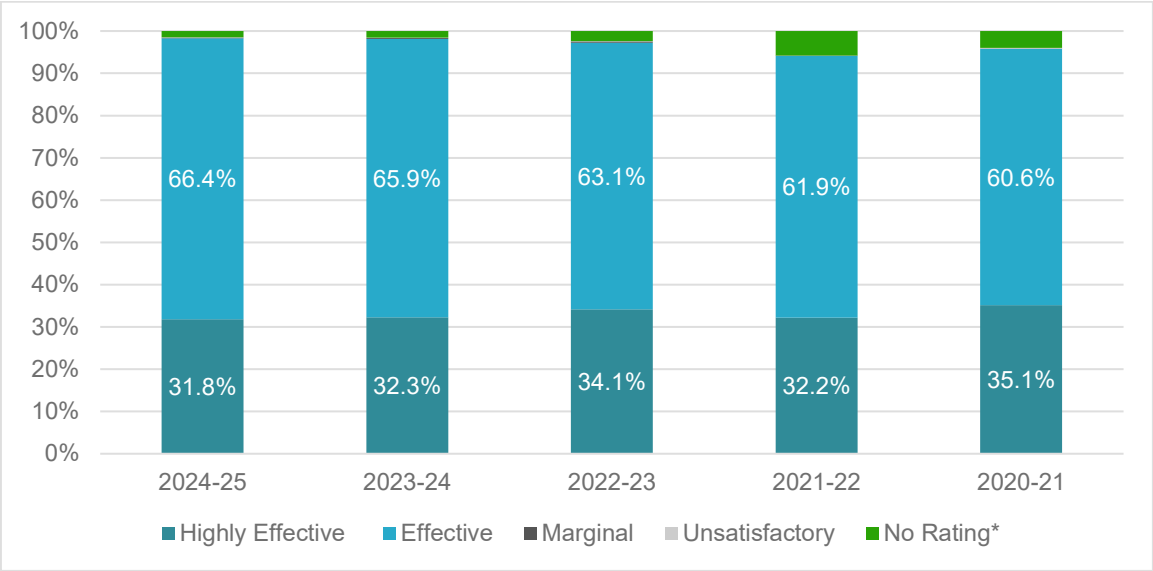
Step Movement

Advancement through the HIDOE salary schedule is structured but not automatic. Teachers progress through 12 regular steps, typically moving up one step every two

years, meaning it takes approximately 24 years to reach the maximum step (Step 14B). However, step movement is contingent on collective bargaining and does not occur annually. In most years, step increases alternate with across-the-board (ATB) raises, and the decision to grant movement is negotiated as part of the broader contract. As a result, pay progression is less predictable than in many other step-and-lane systems, which offer automatic annual movement.

Eligibility for step advancement is also tied to performance ratings. Only teachers rated as "Effective" or "Highly Effective" qualify for step movement. Historically, fewer than 0.25% of teachers are rated *Marginal* or *Unsatisfactory*, meaning nearly all teachers qualify.

Figure 6: Teacher Effectiveness Ratings by School Year



Source: HIDOE Educator Effectiveness System
*No rating received due to temporary assignment, long-term leave, separation, mid-year retirement, late hire, etc.

Class Movement

Horizontal advancement between classes is determined by earning additional semester credit hours or degrees. Reclassification is allowed twice per year (January and September) and requires prior approval of coursework, a minimum grade of “B,” and submission of documentation. Regulations governing class movement are outlined in HIDOE Regulation #5205.

Initial Salary Placement

Teachers may enter the system at Class II, Class III, or Class VII, depending on initial qualifications. Teachers holding multiple advanced degrees may only apply one degree for class placement at entry. Incoming teachers with prior experience may receive credit for up to six years of teaching outside the Hawai‘i system, equating to two step

advancements. This caps credit for out-of-state educators, which deters experienced candidates from relocating to Hawai‘i. No credit is awarded for relevant industry experience.

Findings: Compensation Structure and Policy

Hawai‘i’s teacher step-and-lane model includes several unique policy elements that affect pay progression, predictability, and perceived fairness. The compensation structure is heavily shaped by collective bargaining and lacks automatic movement, creating uncertainty about future earnings.

Renewing a Hawai‘i teacher license does not require continuing education; however, continued professional development is incentivized through class advancement. The addition of Class VIII provides an opportunity to address compression at the top and also incentivizes further professional development.

Some leaders have expressed interest in performance-based pay as an opportunity to recognize exceptional contributions. However, without a reliable and equitable performance management system, such changes could exacerbate inequities and further undermine trust. Any modernization effort should preserve the valued predictability of the current system while exploring targeted enhancements that address pay compression, reward excellence, and support retention.

Structure/Policy	Design Intent	Challenges
Steps: • 12 regular plus 1 entry • Movement negotiated	• Step movement every other year • 24 years to reach the top of the schedule	• Off years and salary freezes breaches a perceived norm
Classes: • 6 (Class II – Class VII) • 7th class (Class VIII) added in 2025-26 • Movement tied to degree or credit attainment	• Incentivize ongoing growth and development; Hawai‘i teacher licensure renewal doesn’t require CEUs. • 15 credits to advance classes; 21 hrs. of job-embedded PD built into school calendar assists with advancement	• Cost prohibitive for some educators; “Pay-to-play” • Documentation viewed as burdensome • Unclear approval processes
Placement Policies: • Recognize up to 6 yrs of outside teaching experience (2 steps)	• Historical policy	• Deters experienced out-of-state educators from teaching in Hawaii • Deters individuals with relevant industry

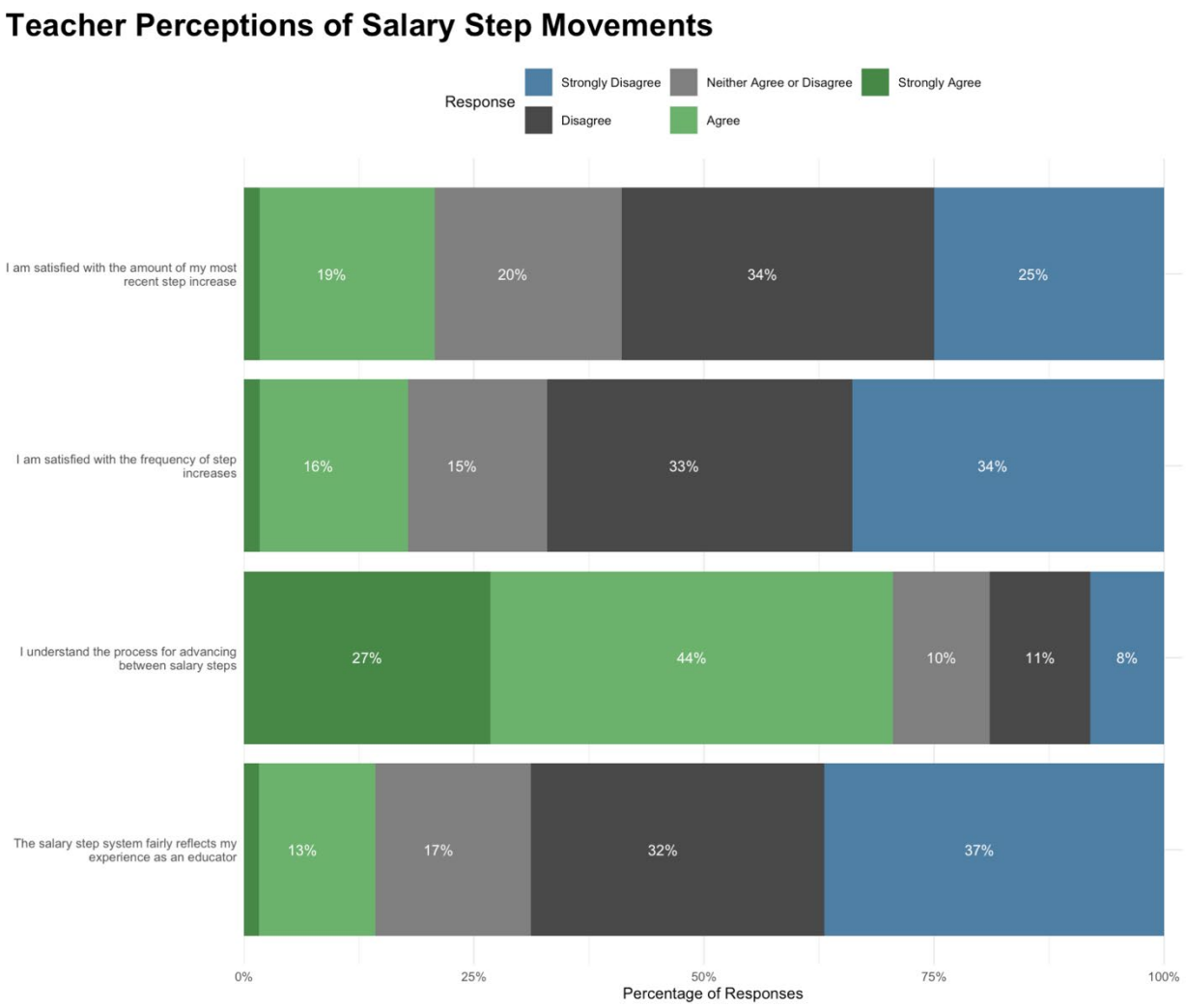
Structure/Policy	Design Intent	Challenges
		experience from teaching • Viewed as breaching a perceived norm
Placement Policies: • Recognize 1 advanced degree	• Incentivize ongoing growth and development; not past learning	• Viewed as breaching a perceived norm

Perceptions of Hawai‘i Salary Progression

Survey Data: Step Movement

Teacher views on fairness and adequacy of the salary steps were far more negative than administrators. Among all teacher responses, dissatisfaction was the dominant theme. Nearly 60% disagreed or strongly disagreed that the most recent step increase amount was satisfactory, and only about 20% agreed or strongly agreed with these statements. Perceptions of fairness were similarly critical, with around 69% disagreeing or strongly disagreeing that the step system reflects their experience as educators. The only area where views were more balanced was understanding the advancement process: about 70% agreed or strongly agreed, but nearly 19% disagreed or strongly disagreed, indicating that clarity remains an issue for a substantial minority. Even among those who said they understood the process, comments suggest that communication gaps persist. One teacher wrote, “I have never received any information about pay scale, how I can go up, or opportunities for advancements… I believe there is not a clear scale or explanation for younger new teachers.” Overall, teacher sentiment reflects widespread dissatisfaction with both the adequacy and fairness of step movement.

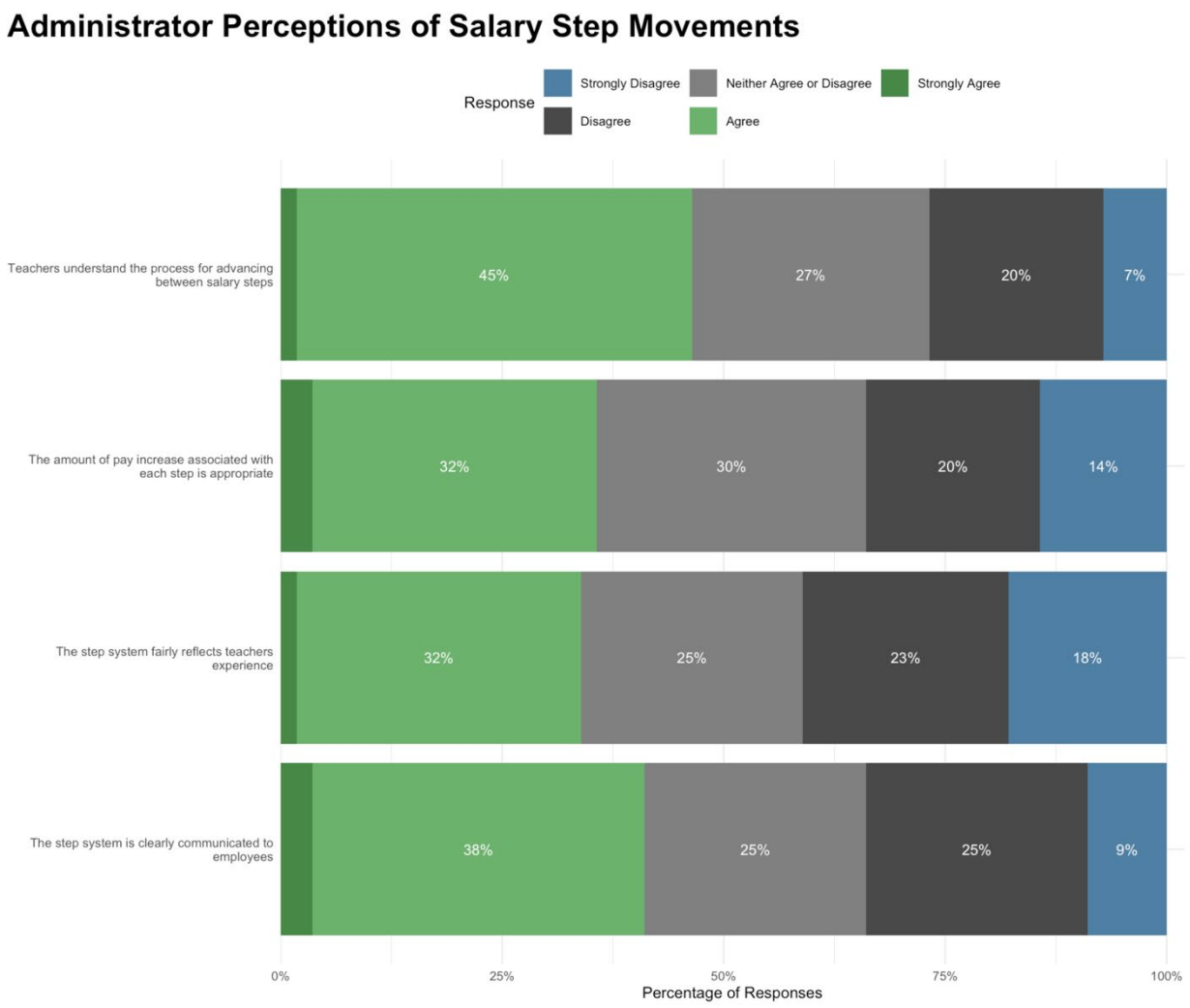
> “Vertical increases on the pay scale are not communicated well. I understand reclassification and moving horizontally, but not vertically.”
>
> Teacher Survey Participant



> "I do not know how salary is communicated to new teachers during the onboarding process."
>
> Administrator Survey Participant

Administrator perceptions were more moderate and skewed less negative. About 46% agreed or strongly agreed that teachers understand the process for advancing between salary steps. This highlights gaps in communication that may leave new teachers uncertain about advancement.

Around 34% of administrators believe the step system fairly reflects teachers' experience, and 41% believe the step system is clearly communicated to employees. Still, 25% remained neutral and 34–41% disagreed or strongly disagreed, underscoring limited consensus on the fairness and effectiveness of step movement. Compared to teachers, administrators were more positive, but their own reflections point to inconsistent communication and a lack of shared understanding across schools.



Survey Data: Class Movement

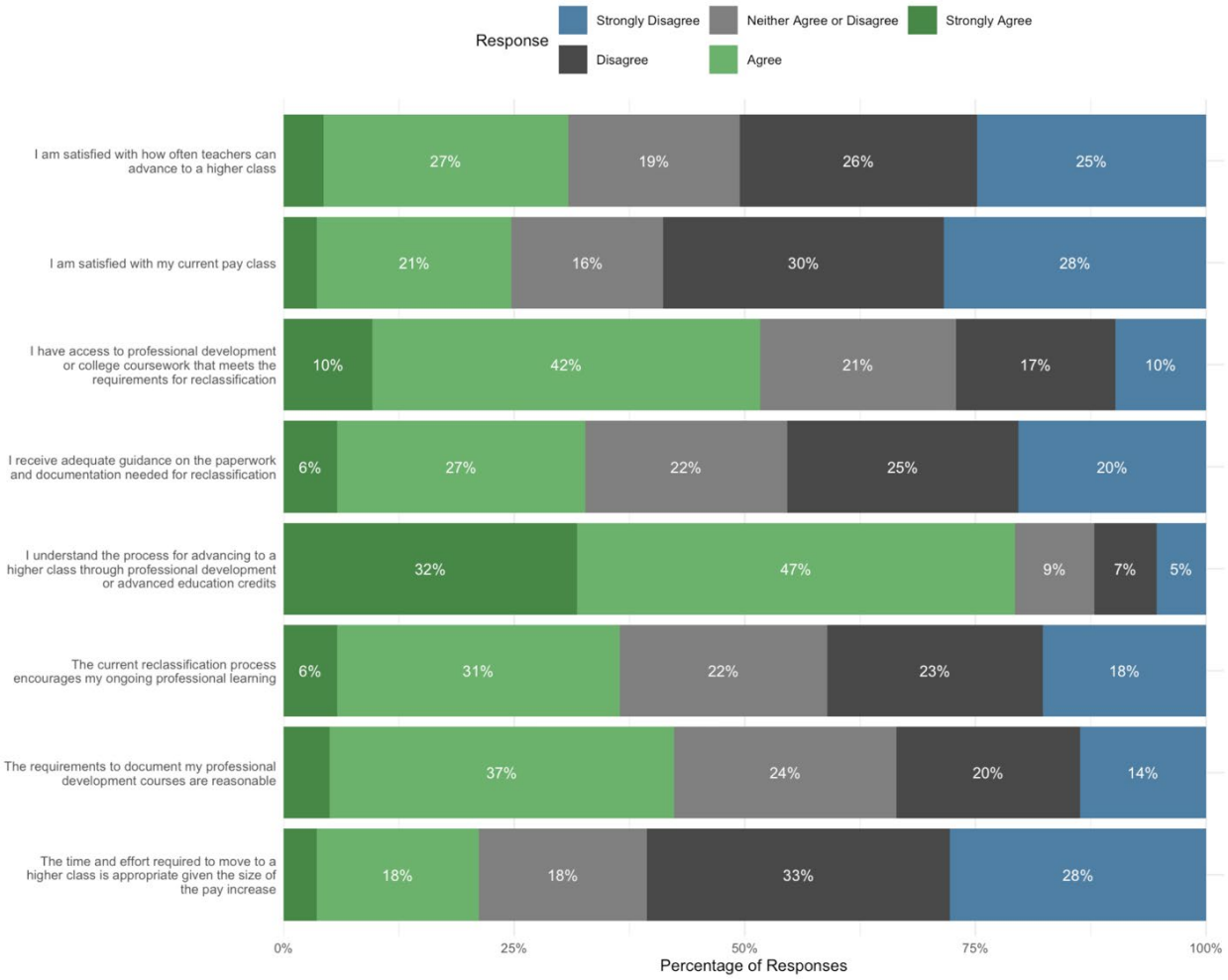
Teacher perceptions of the salary class system were largely negative, particularly around adequacy and fairness. Nearly 60% of teachers disagreed or strongly disagreed that they are satisfied with their current pay class, and 50% felt dissatisfied with how often they can advance to a higher class. Dissatisfaction also extended to whether the time and effort required to reclassify is appropriate for the pay increase: about 60% disagreed or strongly disagreed, with fewer than one in five agreeing.

> "The cost of taking classes to reclassify is not worth the money. I spend thousands to move up and only see a small increase in pay."
>
> Teacher Survey Participant

Teachers expressed somewhat more positive views on access to professional development and coursework with just over 50% agreeing, and 42% agreeing on the reasonableness of

documentation requirements. The most favorable results emerged around understanding the advancement process through professional development or education credits, where nearly 80% agreed or strongly agreed, though about 12% disagreed. Still, many teachers described the process as unnecessarily burdensome, with one remarking, “Whenever I have been able to reclassify, I have struggled to have the correct paperwork completed and I have been unable to contact anyone that is willing to assist me with the process.”

Teacher Perceptions of Salary Class Movements



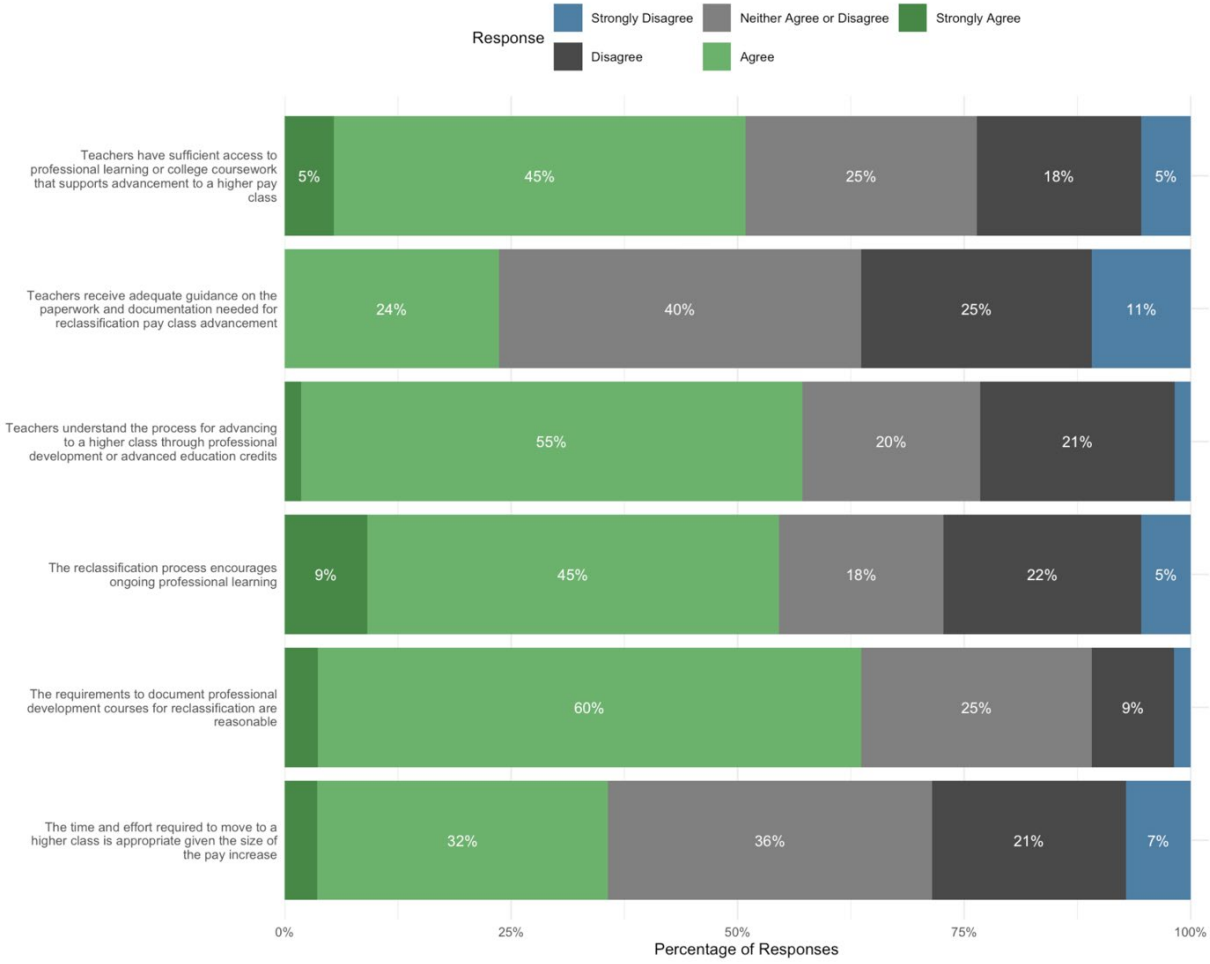
Administrator perceptions were more moderate and leaned more positive than teacher views. The strongest agreement, with over 63% was around the reasonableness of

documentation requirements and 57% agreement in understanding the process for advancement, suggesting administrators generally view the system as clear and manageable. More than half of administrators also feel the process encourages professional learning compared to 37% of teachers who reported that reclassification encourages their own ongoing learning. However, perceptions were much weaker around paperwork and workload, with only 23% agreeing that teachers receive adequate guidance and just around 36% believing the time and effort required is appropriate given the pay increase. These lower figures mirror teachers' frustrations that the process feels burdensome and the rewards insufficient.

> "Many of my teachers did not know how reclassification worked. Only when I explained the process to them, did they realize they were sitting on years of credits they could have used for reclassification. Sadly some credits missed the timeline to be counted. We need to do a better job at this."
>
> Administrator Survey Participant

Comments reinforced these divides: some described inequities in access and outdated forms, with one administrator noting, "The reclassification system is confusing … please create a one-pager for teachers to follow," while another highlighted affordability concerns, "It costs to advance on the pay scale … more free opportunities are needed."

Administrator Perceptions of Salary Class Movements



MARKET STUDY: ASSESSING EXTERNAL COMPETITIVENESS

Experience Management Institute

Market Study: Assessing External Competitiveness

A market compensation study is a structured analysis that compares employee pay for specific roles with compensation offered for similar positions in other organizations. This report only examines teacher salary data. The goal is to determine whether salaries are competitive with the broader teacher labor market.

For public education systems, market studies are a vital tool for ensuring fair and equitable compensation. They help uncover potential pay gaps, identify where adjustments may be needed to attract and retain qualified educators, and support data-informed decisions about salary structures. In the context of teacher compensation, market studies can also provide insight into how salary levels align with job responsibilities, geographic challenges, and years of service to ultimately help organizations remain competitive in a national and regional labor market.

Benchmark Organizations

A key step in conducting a compensation study is identifying appropriate labor markets for comparison to ensure findings are meaningful and actionable. EXMI collaborated with HIDOE to identify benchmark organizations with similar characteristics to Hawai‘i in one or more factors such as student enrollment, proximity, and/or geographic remoteness. Four comparison groups were selected to provide a diverse yet relevant sample of school systems.

Table 5: Market Study Benchmark Comparison Groups

Comparison Group	Selection Criteria	Rationale for Inclusion
Similar-Sized Districts	U.S. school systems with 100,000 or more students (HIDOE serves ~169,000 students)	Enables comparison with school systems that operate at a similar scale
Geographic Proximity	School systems in large Western and Southwestern cities (population 500,000+)	Captures large mainland school systems geographically closest to Hawai‘i
U.S. Territories/ Commonwealths	School systems in U.S. Territories and affiliated Commonwealths	Reflects unique characteristics of island and non-continental educational systems
Remote Non-Mainland Districts	Alaska school districts with the largest student enrollments	Provides insight into remote and isolated education systems

Comparison Group 1: Similar-Sized Districts

This comparison group includes U.S. school systems that serve 100,000 or more students, allowing for comparison with districts that operate at a similar scale to HIDOE. HIDOE serves approximately 169,000 students. Districts were identified using SY2023-24 data from the National Center for Education Statistics (NCES) Elementary/ Secondary Information System. A total of 25 school districts met the size criteria, and salary schedules were collected for all of them.

Table 6: Similar-sized Districts (100,000 or More Students)

LEA Name	City	State	# Public Schools	Grade Range	Total Students
Los Angeles Unified	Los Angeles	CA	785	K-12	419,929
Miami-Dade	Miami	FL	537	PK-12	335,500
Chicago Public Schools Dist. 299	Chicago	IL	643	PK-12	322,809
Clark County	Las Vegas	NV	384	PK-12	304,565
Broward	Fort Lauderdale	FL	325	PK-12	251,408
Hillsborough	Tampa	FL	305	PK-12	224,152
Orange	Orlando	FL	277	PK-12	206,815
Palm Beach	West Palm Beach	FL	235	PK-12	189,777
Houston ISD	Houston	TX	274	PK-12	184,109
Gwinnett County	Lawrenceville	GA	140	PK-12	182,214
Fairfax County Public Schools	Falls Church	VA	223	PK-12	180,714
Wake County Schools	Cary	NC	198	PK-12	161,481
Montgomery County Public Schools	Rockville	MD	211	PK-12	160,223
Charlotte-Mecklenburg Schools	Charlotte	NC	186	PK-12	144,116
Dallas ISD	Dallas	TX	249	PK-12	139,246
Prince George's County	Upper Marlboro	MD	199	PK-12	131,310
Duval	Jacksonville	FL	210	PK-12	127,971
Cypress-Fairbanks ISD	Cypress	TX	94	PK-12	118,470
Philadelphia City SD	Philadelphia	PA	221	PK-12	117,907
Polk	Bartow	FL	167	PK-12	111,041
Baltimore County Public Schools	Towson	MD	179	PK-12	110,275
Memphis-Shelby County Schools	Memphis	TN	222	PK-12	110,057
Cobb County	Marietta	GA	110	PK-12	106,358
Northside ISD	San Antonio	TX	131	PK-12	101,095
Lee	Fort Myers	FL	122	PK-12	100,064

Comparison Group 2: Geographic Proximity

This group contains school districts in large Western and Southwestern Cities with populations above 500,000 to provide a comparison with large mainland systems that are geographically closest to Hawai‘i. Cities were identified for inclusion based on official population figures provided by the United States Census Bureau from 2020 census data. A total of 21 cities within the geographic area met the population threshold. Teacher salary schedules were collected for nearly all districts in this group, with the exception of the Mesa Unified District, where current salary data could not be obtained.

Table 7: School Districts in Large Western and Southwestern Cities

LEA Name	City	State	# Public Schools	Grade Range	Total Students
Mesa Unified District	Mesa	AZ	85	PK-12	57,204
Tucson Unified District	Tucson	AZ	102	PK-12	40,929
Deer Valley Unified District	Phoenix	AZ	41	PK-12	32,837
Paradise Valley Unified District	Phoenix	AZ	45	PK-12	27,034
Scottsdale Unified District	Scottsdale	AZ	33	PK-12	20,940
Los Angeles Unified	Los Angeles	CA	785	K-12	419,929
San Diego Unified	San Diego	CA	175	K-12	95,492
Fresno Unified	Fresno	CA	101	K-12	68,568
San Francisco Unified	San Francisco	CA	113	K-12	48,736
San Jose Unified	San Jose	CA	41	K-12	25,059
School District No. 1 in the County of Denver	Denver	CO	197	PK-12	88,258
Albuquerque	Albuquerque	NM	174	PK-12	76,756
Clark County	Las Vegas	NV	384	PK-12	304,565
Portland SD 1J	Portland	OR	86	PK-12	44,039
Houston ISD	Houston	TX	274	PK-12	184,109
Dallas ISD	Dallas	TX	249	PK-12	139,246
Northside ISD	San Antonio	TX	131	PK-12	101,095
Austin ISD	Austin	TX	126	PK-12	72,830
Fort Worth ISD	Fort Worth	TX	141	PK-12	71,060
El Paso	El Paso	TX	76	PK-12	49,139
Seattle School District No. 1	Seattle	WA	109	PK-12	50,770

Comparison Group 3: U.S. Territories/Commonwealths

This group includes school systems located in U.S. Territories and Commonwealths, offering a point of comparison with other non-continental and island-based education systems. These systems are also geographically remote. A total of five school systems were identified for inclusion in this category. Teacher salary schedule data could not be obtained for the Commonwealth of the Northern Mariana Islands, American Samoa, the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

Table 8: School Districts in U.S Territories or Commonwealths

LEA Name	City	Commonwealth/ Territory	# Public Schools	Grade Range	Total Students
Saint Croix School District	Saint Croix	Virgin Islands	11	PK-12	5,082
Saint Thomas - Saint John School District	Saint Thomas	Virgin Islands	10	PK-12	5,230
Guam Dept of Education	Barrigada	Guam	41	PK-12	1684
Department of Defense Education Activity (DoDEA) Overseas: Guam Educators		Guam			
DoDEA Overseas: Puerto Rico Educators		Puerto Rico			

Comparison Group 4: Remote Non-Mainland Districts

This category includes Alaska school districts with the largest student enrollments, offering insight into education systems that operate in remote and geographically isolated settings. The six largest districts were identified using SY2023-24 data from the NCES Elementary/Secondary Information System.

Table 9: Remote Non-mainland US Districts

LEA Name	City	State	# Public Schools	Grade Range	Total Students
Anchorage School District	Anchorage	AK	95	PK-12	43,363
Matanuska-Susitna Borough School District	Palmer	AK	49	PK-12	19,421
Fairbanks North Star Borough School District	Fairbanks	AK	37	PK-12	12,541
Kenai Peninsula Borough School District	Soldotna	AK	42	PK-12	8,499
Galena City School District	Galena	AK	4	PK-12	7,768
Juneau Borough School District	Juneau	AK	15	PK-12	43,363

Methodology

Conducting a valid and meaningful compensation analysis requires careful selection, standardization, and documentation of salary-related data. EXMI collected and analyzed compensation data from the identified benchmark school systems for the 2024–2025 school year.

Data Collection

The study focused on three primary data elements:

- Teacher salary schedules
- Number of teacher workdays
- Teacher daily work hours

These data points were collected for benchmark organizations using a combination of publicly available sources and direct outreach. Data sources included published salary schedules, collective bargaining agreements (CBAs), labor agreements, state-level salary repositories, and 2024-25 school calendars. EXMI sent direct emails and phone calls to district staff when public documents were unavailable. All data were verified as current for the 2024–2025 academic year. Because all schedules represented the same school year, no aging or trending adjustments were required.

All data were collected and reported in alignment with the 2016 Antitrust Safety Zone guidelines issued by U.S. Department of Justice and the Federal Trade Commission. The purpose of the Antitrust Safety Zone guidelines is to ensure organizations do not violate the Sherman Antitrust Act, which prohibits wage-fixing, collusion, or other anti-competitive behaviors that could suppress employee compensation or restrict fair labor market competition. Sharing salary information directly between employers can be viewed as evidence of collusion if it influences hiring or pay decisions. EXMI adhered to the following best practices:

- Salary data was collected and reported by a neutral third party (EXMI) to prevent any direct exchange of salary data between school systems.
- All data was more than three months old at the time of use.
- Each benchmark group includes data from at least five districts, and no single district contributed more than 25% of the dataset.
- All salary data is aggregated.

These practices promote both legal compliance and the integrity of the compensation study.

To facilitate accurate comparisons across systems, EXMI also performed a series of standardization adjustments, including:

- Converting salary data to a daily rate to account for variation in teacher workdays;

- Adjusting for contractual work hours to calculate an effective hourly rate; and
- Applying a cost of labor index to compare compensation levels across geographic regions.

These adjustments, described in detail in the subsequent sections of the report, allow for a more equitable comparison of teacher compensation across different educational systems.

Work Schedule Adjustments: Standardizing for Workdays and Hours

To ensure accurate comparisons of teacher compensation across school systems, it is critical to account for differences in annual workdays and daily work hours. Without these adjustments, salary data may reflect structural differences in schedules rather than actual pay disparities.

Hawai‘i Teacher Work Schedule

According to the 2023–2027 Agreement between the Hawai‘i State Teachers Association (HSTA) and the Department of Education, Hawai‘i teachers have a work year of no more than 193 days (Article XVI, A. Work Year). The 2024-2025 Official School Year Calendar further defines the teacher work year as 193 days, comprised of 189 days on-site at schools and 4 additional days for job-embedded professional development, training, planning and assessment, and teacher evaluation meetings. Hawai‘i teacher workdays do not include paid state holidays.

Per the 2023-2027 Agreement, the regular Hawai‘i teacher workday is seven (7) hours in length (Article VI, D. Work Time). These figures serve as the baseline for standardizing Hawai‘i salary data.

Benchmark District Work Schedules

Across the benchmark comparison districts, teacher work schedules varied:

- Workdays ranged from 182 to 204 days, with a midpoint of 193 days.
- Daily work hours ranged from 6.5 to 8.5 hours, with a midpoint of 7.5 hours.

Hawaii’s workdays match the midpoint of the comparison districts, while daily working hours are lower than the midpoint of the comparison districts.

Method of Adjustment

To facilitate a valid comparison across districts, salary figures were adjusted to a common hourly rate using the following steps:

1. Annual salary was divided by the number of contractual workdays.
2. The resulting daily rate was then divided by the number of scheduled work hours to determine an hourly pay rate.

This approach standardizes salaries based on time worked, eliminating variation caused by differences in contract length or daily hours. These hourly rates were subsequently adjusted for cost of labor differences, as described in the next section.

Cost of Labor Adjustment: Ensuring Geographic Pay Comparability

Differences in local labor markets can significantly influence what employers must pay to attract and retain talent. While raw salary figures provide a baseline, they do not account for the fact that labor markets vary in competitiveness and wage expectations. To ensure that salary comparisons between Hawai‘i and other districts reflect true market competitiveness, all compensation data in this study were adjusted using cost of labor indices.

Cost of Labor vs. Cost of Living

EXMI uses cost of labor versus cost of living when conducting market analysis. It is considered to be the more reliable factor by compensation experts for several reasons:

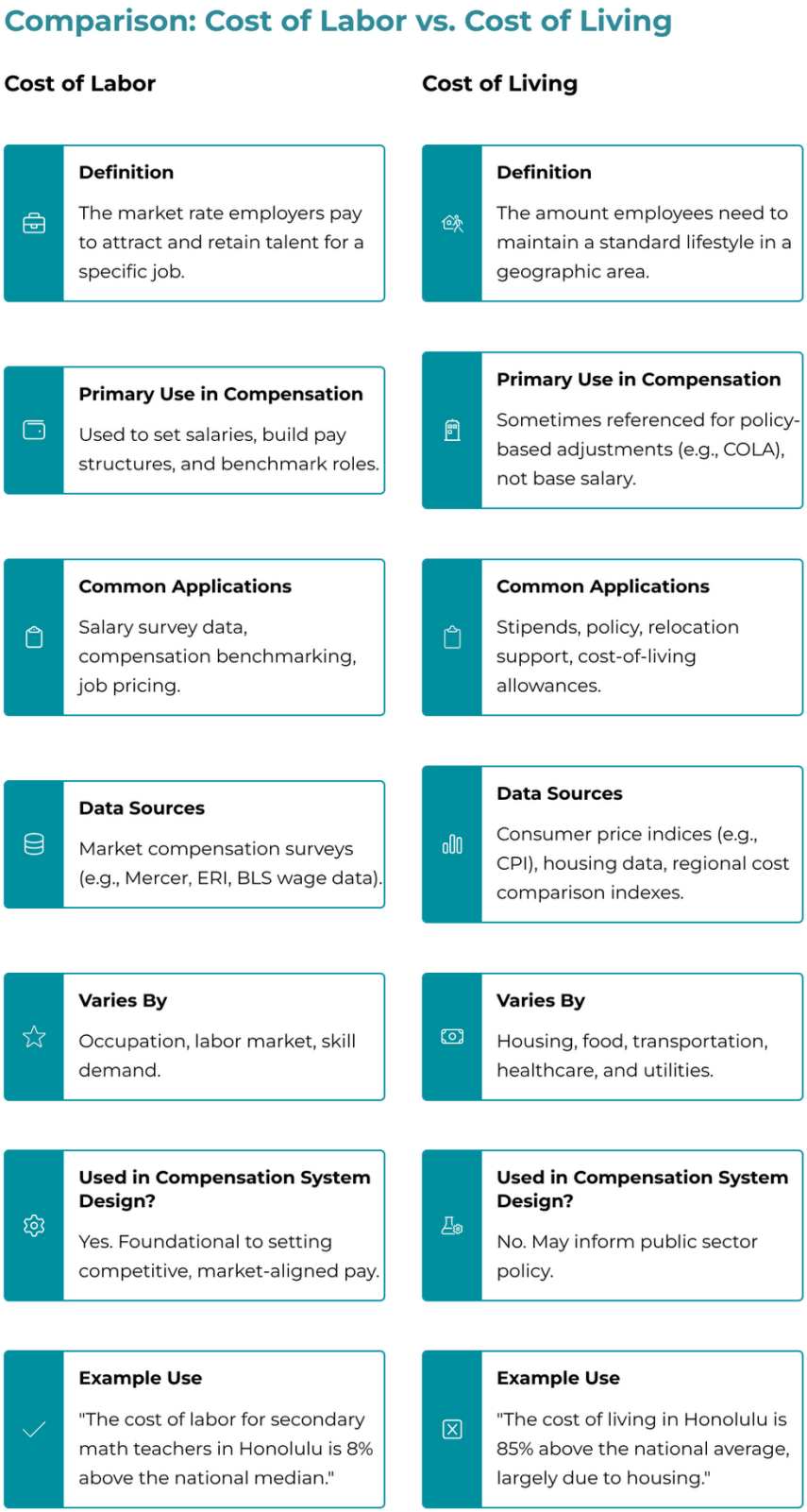
1. **Market-Based Compensation:**
    - **Supply and Demand:** Cost of labor reflects the market value of a specific job, driven by supply and demand for that skillset in a particular location. This ensures that compensation aligns with the true value of the employee to the organization and the broader market.
    - **Fairness and Equity:** Basing compensation on cost of labor promotes fairness among employees in different locations, as it accounts for differences in labor market conditions and the competitiveness of local markets.

2. **Focus on Employee Value:**
    - **Skill and Experience:** Cost of labor emphasizes the employee's skills, experience, and contribution to the organization, rather than their personal expenses. This encourages employees to develop their skills and take on more responsibilities.

3. **Practical Considerations:**
    - **Complexity of Cost of Living:** Cost of living can be difficult to measure accurately and can vary significantly within a single location. Factors like housing, transportation, and taxes can fluctuate, making it challenging to adjust compensation accordingly.
    - **Employer's Responsibility:** It's generally not considered an employer's responsibility to compensate employees for their personal lifestyle choices or preferences. Cost of labor focuses on the employer-employee relationship and the value exchange.

While cost of living can be a relevant factor in certain situations, it should not be the primary driver of long-term compensation decisions. Cost of labor provides a more objective and sustainable approach for developing compensation recommendations.

The graphic below highlights differences between cost of labor and cost of living.



Data Source

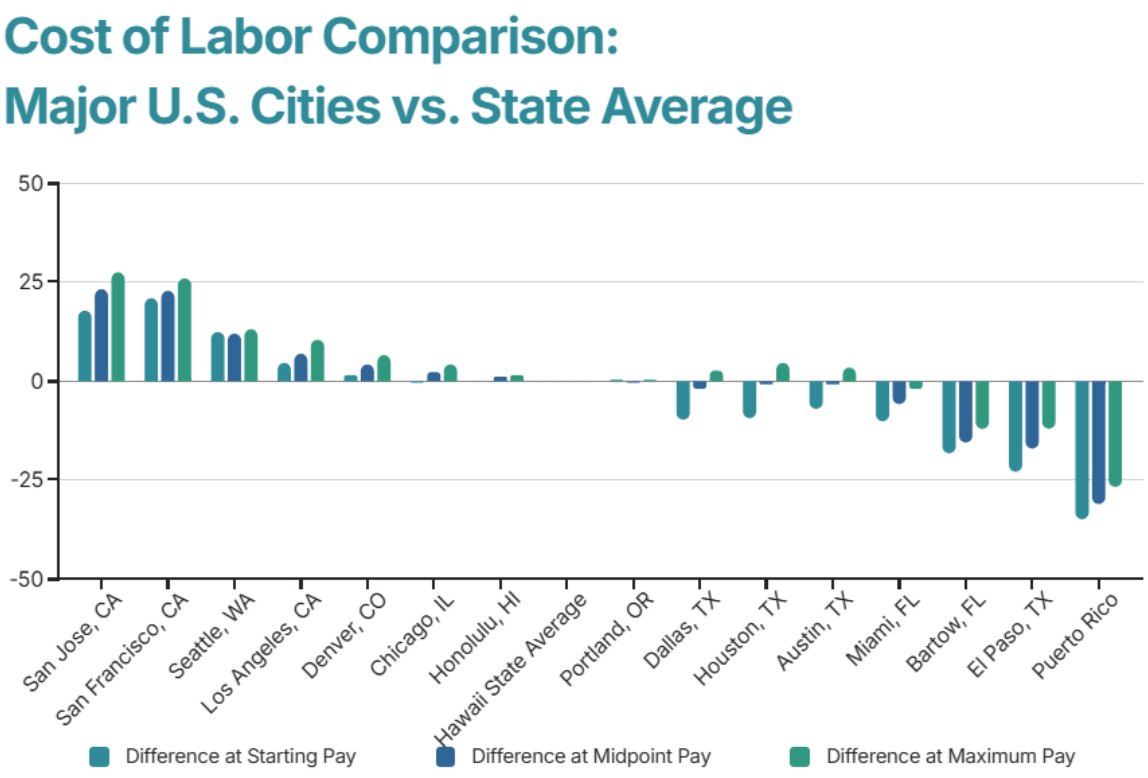
Cost of labor adjustments were based on data from the Economic Research Institute (ERI), a widely used source for labor market and compensation data. ERI specializes in market-based compensation benchmarking, offering robust datasets across over 10,500 locations and 1,100 industries.

ERI's cost of labor indices reflect employer wage expectations in specific labor markets, controlling for experience, role requirements, and skill level. These indices are updated regularly to reflect current market trends and compensation movement. For this study, each benchmark district's normalized hourly wage was adjusted using ERI's geographic differential, with the state of Hawai‘i set as the baseline since HIDOE services the entire state. This adjustment allows for equitable comparison of teacher salaries across locations by neutralizing the influence of differing labor market pressures.

This approach helps answer a key question: *What would it cost to pay a teacher in another location the equivalent of what it costs to employ a teacher in Hawai‘i, given current market conditions?*

Cost of Labor Across Benchmark Districts

The cost of labor varies significantly across U.S. cities and states. The graphic below shows how labor costs in benchmark districts compare to the Hawai‘i state average at three salary levels: starting, midpoint, and maximum pay. Positive values indicate areas where labor costs are higher than Hawai‘i's average; negative values reflect a lower cost of labor. Across the comparison districts, labor costs range from 35.1% below to 27.6% above the Hawai‘i average, underscoring the importance of adjusting for geographic differences when comparing compensation.



Key Insights: Higher Cost of Labor

Cities like San Jose, CA, San Francisco, CA, and Seattle, WA exhibit significantly higher labor costs, especially at higher income levels, indicating a more expensive job market compared to Hawaii.

Key Insights: Lower Cost of Labor

Locations such as Puerto Rico, El Paso, TX, and Bartow, FL consistently show substantially lower labor costs across all income brackets, presenting a more economical environment for employers.

Key Insights: Income Level Impact

For many cities, the cost of labor difference tends to increase or decrease more significantly as the income level rises. For example, some Texas cities (Austin, Dallas, Houston) shift from being cheaper to more expensive than Hawaii at higher income levels.

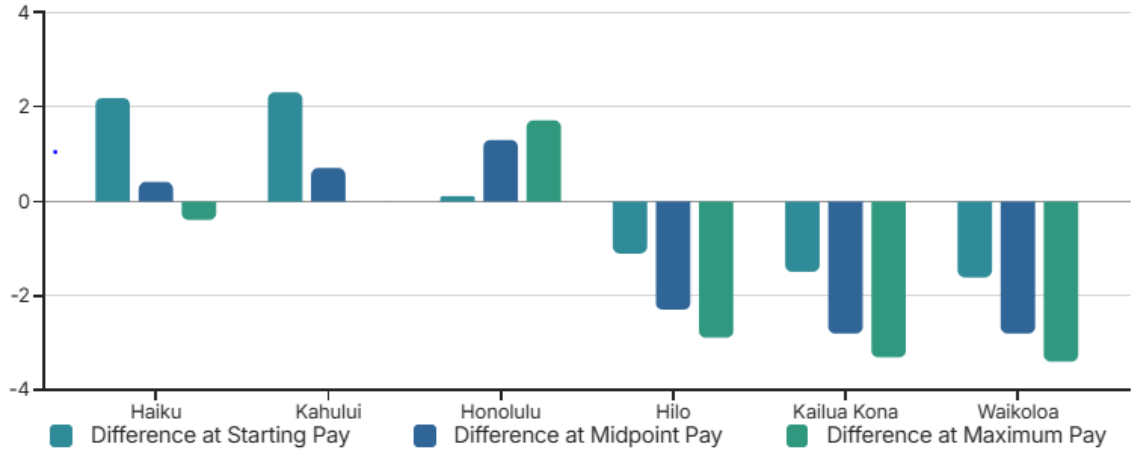
Key Insights: Near Hawaii Average

Honolulu closely mirrors the Hawaii State Average across all income levels, while cities like Chicago, IL and Portland, OR hover near the baseline, with slight fluctuations depending on the income bracket.

Cost of Labor Across Hawai‘i

Just as the cost of labor differs across states and cities on the U.S. mainland, it also varies significantly within Hawai‘i. The graphic below shows how the cost of labor in different Hawaiian cities compares to the statewide average, based on three pay levels: starting, midpoint, and maximum. Positive percentages indicate areas where labor costs exceed the state average, while negative percentages reflect locations where the cost of labor is lower.

Cost of Labor Comparison: Selected Hawai'i Cities vs. State Average



Key Insights

- Cities like Haiku and Kahului show a **higher cost of labor** at lower income levels, which tends to normalize or slightly decrease as income rises.

Key Insights

- Major urban centers like Honolulu consistently maintain a **slightly higher cost of labor** than the state average across all income brackets.

Key Insights

- Areas such as Kailua Kona, Hilo, and Waikoloa generally offer a **lower cost of labor** compared to the state average, a trend that intensifies with higher income levels.

A detailed breakdown by city showing the cost of labor percentage difference by pay level for each of the indicated locations is included in the table below.

Comparison Cities vs. Hawaii State Average	Starting Pay	Midpoint Pay	Maximum Pay
Aiea, Hawaii	-0.2	0.9	1.4
Ewa Beach, Hawaii	-0.1	1.0	1.4
Haiku, Hawaii	2.2	0.4	-0.4
Hawaii - State Average	0.0	0.0	0.0
Hilo, Hawaii	-1.1	-2.3	-2.9
Honolulu, Hawaii	0.1	1.3	1.7
Honolulu-Ala Moana Kakaako, Hawaii	0.1	1.3	1.7
Honolulu-Liliha/Kapalama, Hawaii	0.1	1.3	1.7
Honolulu-Moanalua, Hawaii	0.1	1.3	1.7
Kahului, Hawaii	2.3	0.7	0.0
Kailua Kona, Hawaii	-1.5	-2.8	-3.3
Kailua, Hawaii	0.1	1.1	1.7

Comparison Cities vs. Hawaii State Average	Starting Pay	Midpoint Pay	Maximum Pay
Kaneohe, Hawaii	-0.1	0.9	1.4
Kapaa, Hawaii	-1.4	-2.7	-3.2
Kapolei, Hawaii	-0.3	0.9	1.4
Lahaina, Hawaii	2.2	0.3	-0.5
Laie, Hawaii	-0.2	0.9	1.4
Lihue, Hawaii	-1.4	-2.7	-3.2
Makawao, Hawaii	2.2	0.3	-0.5
Mililani, Hawaii	-0.2	0.9	1.4
Pearl City, Hawaii	-0.2	0.9	1.4
Volcano, Hawaii	-1.4	-2.6	-3.2
Wahiawa, Hawaii	-0.2	0.9	1.4
Waianae, Hawaii	-0.2	0.9	1.4
Waikoloa, Hawaii	-1.6	-2.8	-3.4
Wailuku, Hawaii	2.3	0.7	0.0
Waimanalo, Hawaii	-0.1	0.9	1.4
Waimea/Kamuela, Hawaii	-1.6	-2.8	-3.4

Cost of labor data shows variation across different locations in Hawai‘i. Importantly, these differences are not static across all salary levels. In some areas, the cost of labor falls below the state average at one pay level but rises above it at another—and vice versa. This dynamic demonstrates the importance of considering both geographic location and salary range when evaluating compensation equity. Across the data set, the variance ranges from -3.4% to +2.3% compared to the statewide average.

Method of Adjustment

Each district's hourly rate was adjusted using ERI’s cost of labor index, with the state of Hawai‘i set as the baseline. Cost of labor data was generated for each benchmark district based on the city and state of their district office. The cost of labor adjustment for the appropriate salary level, (i.e., starting, midpoint, or maximum) was applied to the district’s corresponding hourly rate to convert the hourly rate into a Hawai‘i state average equivalent.

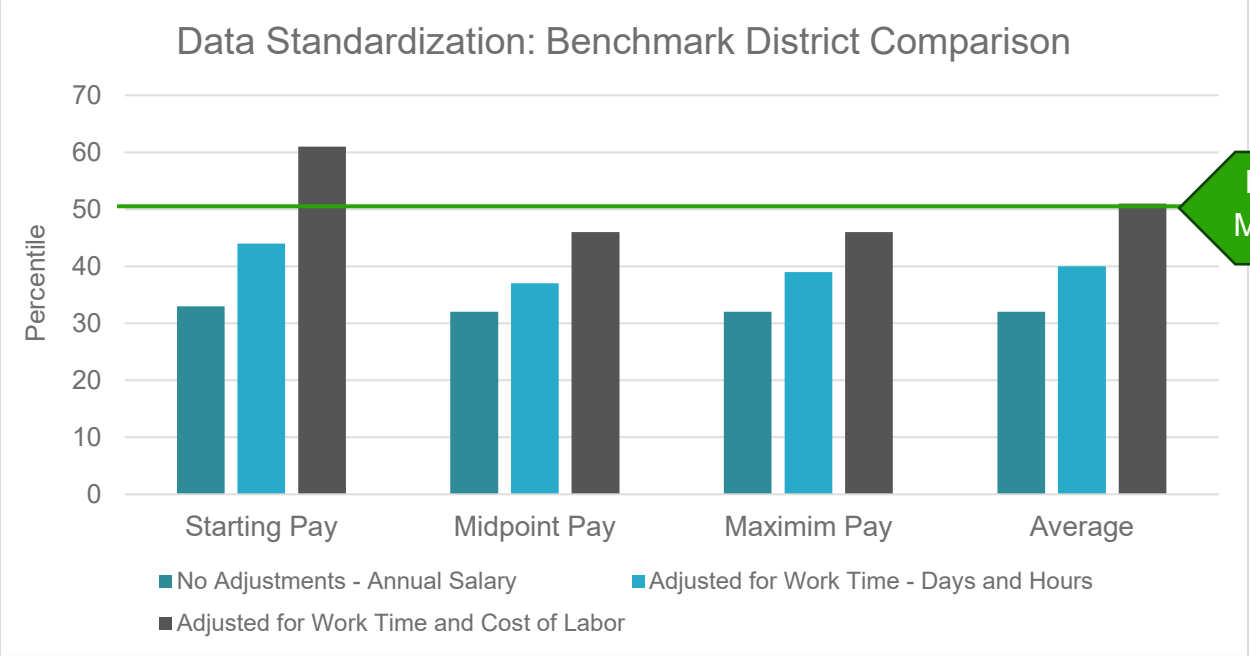
Market Analysis: All Benchmarks

Teacher starting pay for all benchmark entities was analyzed in three ways: (1) unadjusted, (2) adjusted for workdays and hours, and (3) fully adjusted for workdays, work hours, and cost of labor as described above. Starting pay is compared to all fifty-four benchmark districts (n=54). The comparison group is smaller for midpoint and maximum comparisons (n=41) because the following thirteen districts utilize a single starting pay amount and then implement policy-defined movement going forward (i.e.

performance pay, state/local/municipality adjustments, etc.). The following districts do not have a defined midpoint or maximum: Paradise Valley Unified SD, Cypress Fairbanks ISD, Los Angeles Unified, Dallas ISD, Houston ISD, Fort Worth ISD, Deer Valley Unified SD, Austin ISD, Northside ISD, Broward County Public Schools, Wake County Public Schools, Duval County Public Schools and Hillsborough County Public Schools.

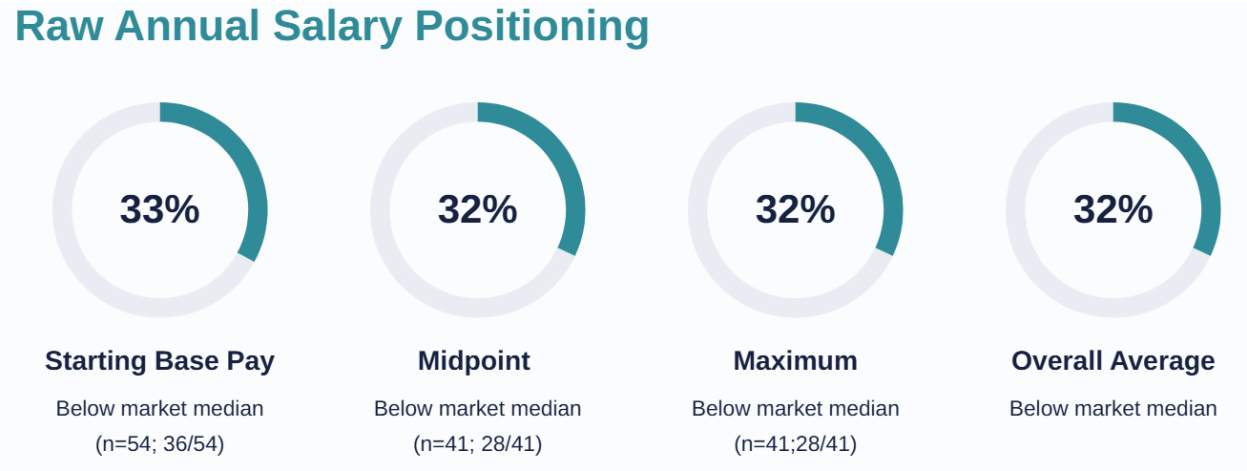
The figure below shows the impact of adjusting data appropriately for analysis. Raw salary data indicates the overall average for HIDOE teacher pay is in the 31st percentile of all benchmark entities. However, this data does not account for variances in workdays, work hours, and/or cost of labor. These factors must be accounted for to accurately compare HIDOE teacher pay to benchmark entities. When appropriately standardized, the overall average for HIDOE teacher pay is in the 51st percentile or at the market median.

Figure 7: Impact of Data Standardization on HIDOE Teacher Market Position



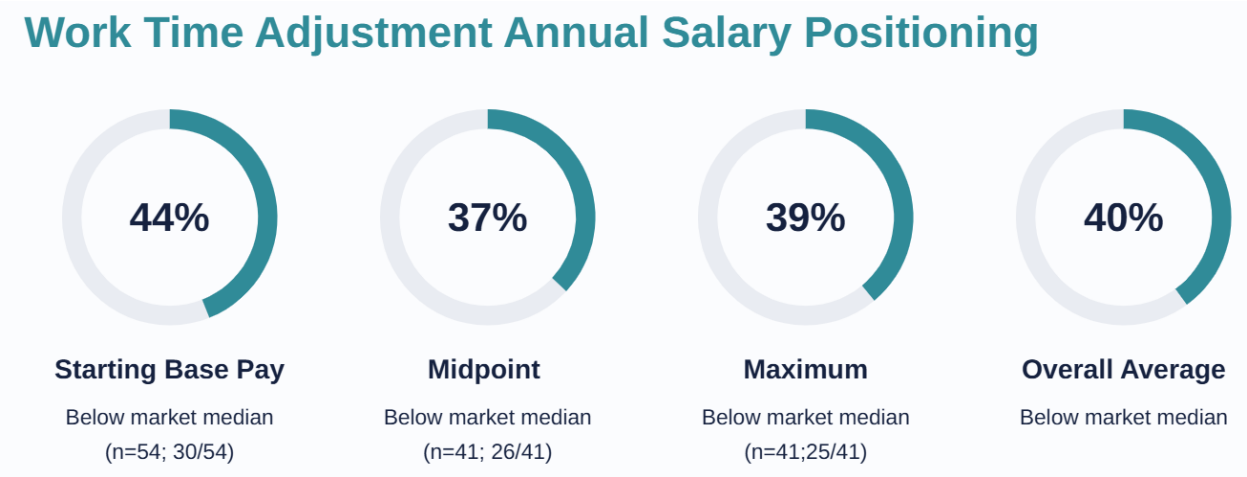
Raw Annual Salary

Raw annual salary results show the direct comparison between HIDOE and benchmark entities without any adjustments. Comparisons without standardizing data can be misleading and potentially overstate or understate market pay position. Standardizing data ensures 'apples to apples' benchmarking, which allows for accurate data-driven decisions that align with market reality. The following data progression shows the importance of standardizing data to ensure consistency and accuracy in compensation benchmarking.



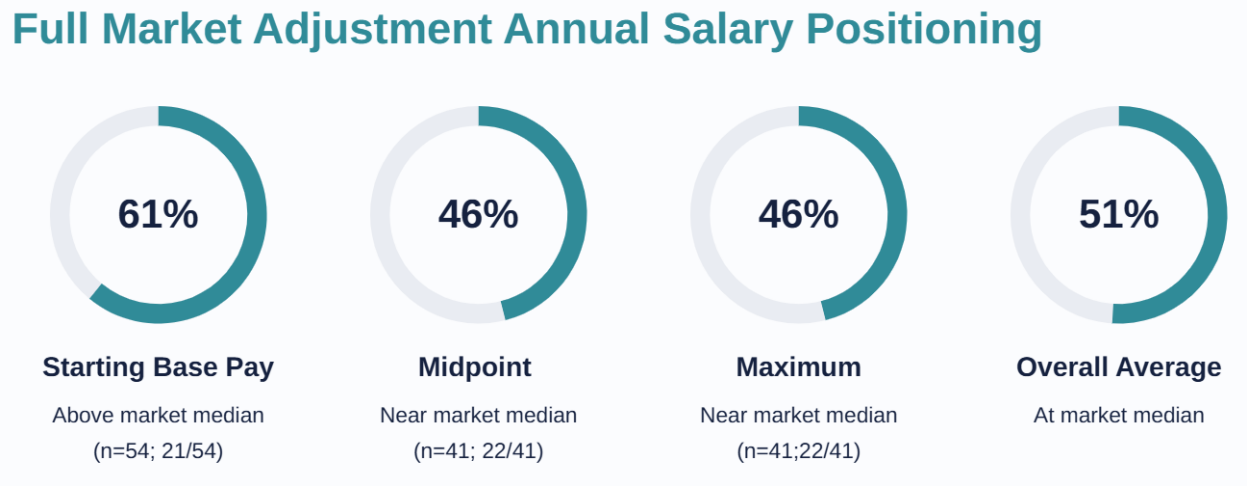
Salary Adjusted for Work Schedule

After adjusting for just workdays and work hours, HIDOE market position improves significantly across all areas. The overall average for HIDOE teacher pay is in the 40th percentile, which moves teacher salaries closer to the market median.



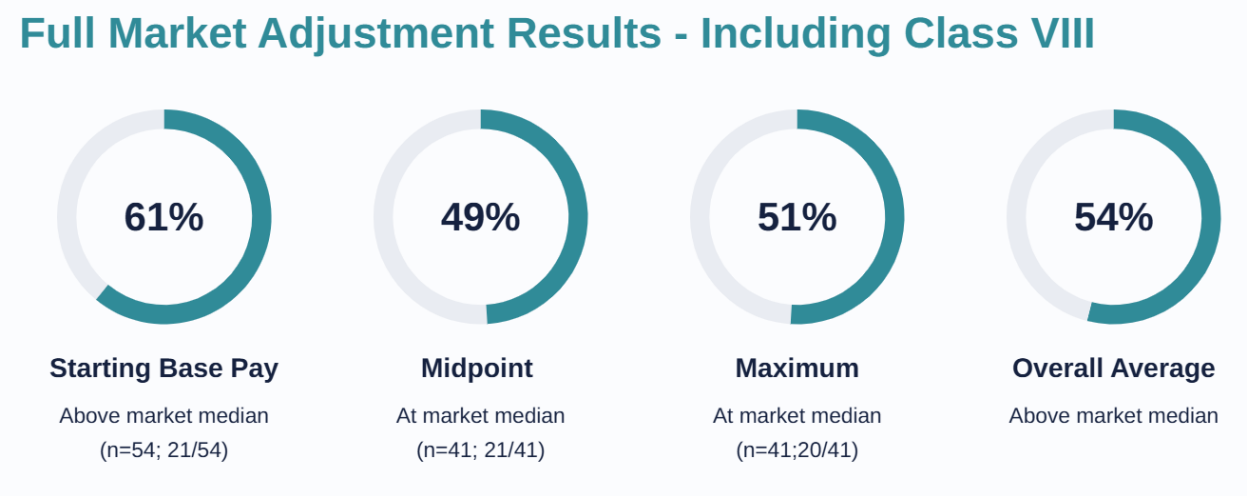
Salary Adjusted for Work Schedule and Cost of Labor

When the data is appropriately standardized, the HIDOE teacher pay average is in the 51st percentile (at the market midpoint), and starting HIDOE teacher pay above the market midpoint at the 61st percentile. The overall average HIDOE teacher pay is at the midpoint, and the maximum is slightly below the market midpoint.



Impact of Adding Class VIII

For the 2024-2025 school year, Class VII Step 14B was the maximum base salary at $97,943. However, HIDOE is implementing Class VIII for the 2025-2026 school year, which shifts the maximum to Class VIII step 14B with a base salary of $101,861.



When analyzing teacher pay with the new Class VIII, the HIDOE teacher pay average increases to the 54th percentile. The inclusion of Class VIII improves the HIDOE market position at both the midpoint and the maximum, with a 5% increase at the maximum salary. Class VIII data was not aged, as there was no change in the HIDOE salary schedule from 2024-2025 except for the addition of Class VIII.

Market Analysis: Similar-Size US Districts

All data in this analysis were adjusted for working days, working hours, and cost of labor.

Starting pay is compared to all similar-sized benchmarks (n=27). The number of comparison districts is smaller (n=18) for midpoint and maximum comparisons because

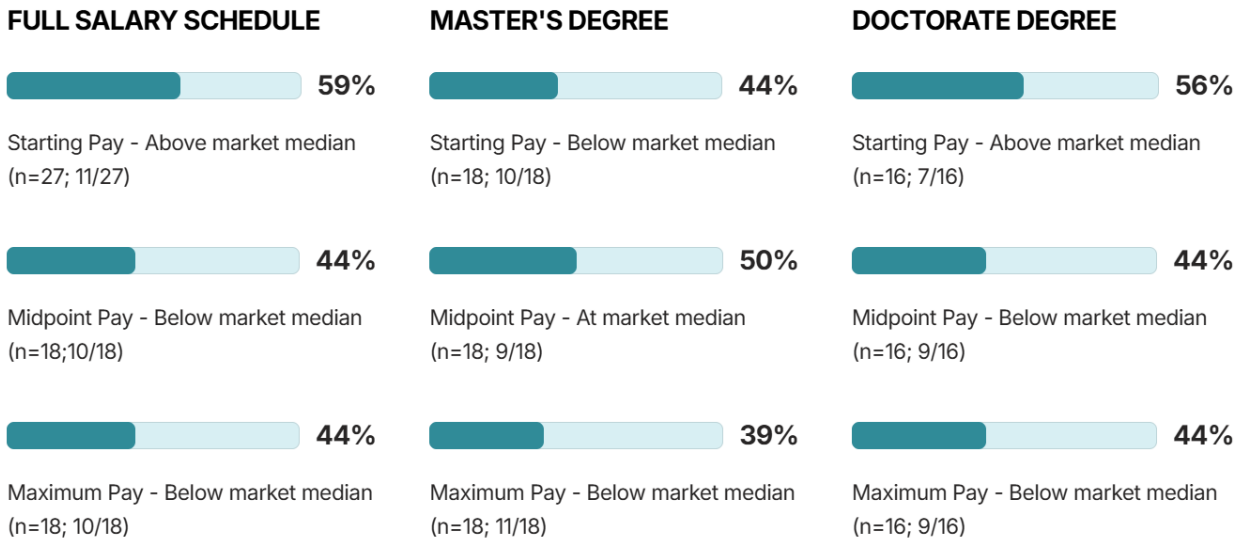
nine districts utilize a single starting pay amount and then implement policy-defined movement going forward (i.e. performance pay, state/local/municipality adjustments, etc.). As a result, the following district do not have a defined midpoint or maximum: Los Angeles Unified, Cypress Fairbanks ISD, Dallas ISD, Houston ISD, Northside ISD, Broward County Public Schools, Wake County Public Schools, Duval County Public Schools, and Hillsborough County Public Schools.

Master's pay is compared to similar sized benchmarks (n=18). Districts not reporting master's pay data include the following nine districts: Polk County, Los Angeles Unified, Dallas ISD, Houston ISD, Northside ISD, Broward County Public Schools, Wake County Public Schools, Duval County Public Schools and Hillsborough County Public Schools.

Doctorate pay is compared to similar sized benchmarks (n=16). Districts not reporting doctorate pay data include the following eleven districts: Chicago Public Schools, Cypress Fairbanks ISD, Polk County, Los Angeles Unified, Dallas ISD, Houston ISD, Northside ISD, Broward County Public Schools, Wake County PS, Duval County Public Schools, and Hillsborough County Public Schools.

Below is a visual representation of HIDOE percentile rankings across the full salary schedule and by education levels. The full salary schedule includes all classes, steps, and lanes. A master's degree is Class III in the HIDOE salary schedule or the equivalent in the benchmark district. A doctorate degree is Class VII in the HIDOE salary schedule or the equivalent in the benchmark district. Starting pay is step 5 in the HIDOE salary schedule or the first fully licensed step equivalent in the benchmark district. Maximum pay is Step 14B in the HIDOE salary schedule or the highest step equivalent in the benchmark district.

Salary Percentile - Similar Size Benchmarks



The data shows that starting pay for entry-level teachers and those with a doctorate degree are above the market midpoint for the similar size benchmark subgroup. However, master's degree salary averages in the 44th percentile overall. Additionally, both midpoint and maximum pay fall below the market median, indicating that while entry salaries are competitive, long-term pay growth lags slightly behind.

Market Analysis: Geographic Proximity

All data in this analysis were adjusted for working days, working hours and cost of labor.

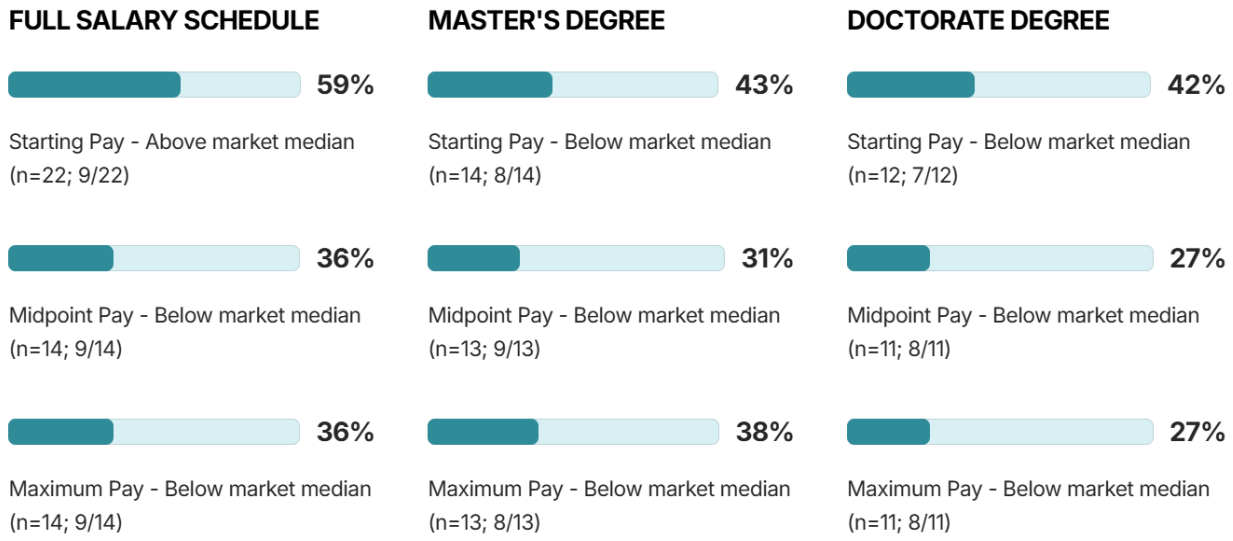
Starting pay is compared to all geographically proximal benchmarks with n=22. The number of comparison districts is smaller (n=14) for midpoint and maximum comparisons because several districts utilize a single starting pay amount and then policy defined movement going forward (i.e. performance pay, state/local/municipality adjustments, etc.). As a result, there is no defined midpoint or maximum for the following districts: Los Angeles Unified, Dallas ISD, Houston ISD, Fort Worth ISD, Deer Valley Unified SD, Austin ISD, Northside ISD, and Paradise Valley Unified SD.

Master's starting pay is compared to 14 geographically proximal benchmarks. Districts not reporting master's pay data include the following: Fresno Unified, Los Angeles Unified, Dallas ISD, Houston ISD, Fort Worth ISD, Deer Valley Unified SD, Austin ISD, and Northside ISD. Master's midpoint and maximum pay are compared to 13 geographically proximal benchmarks because Paradise Valley Unified SD does not report maximum pay.

Doctorate starting pay is compared to 12 geographically proximal benchmarks. Districts not reporting doctorate pay data include the following: San Francisco Unified SD, El Paso ISD, Fresno Unified, Los Angeles Unified, Dallas ISD, Houston ISD, Fort Worth ISD, Deer Valley Unified SD, Austin ISD, and Northside ISD. Doctorate midpoint and maximum pay is compared to 11 geographically proximal benchmarks as Paradise Valley Unified SD does not report maximum pay, so it is also excluded.

Below is a visual representation of HIDOE percentile rankings across the full salary schedule and by education levels. The full salary schedule includes all classes, steps, and lanes. A master's degree is Class III in the HIDOE salary schedule or the equivalent in the benchmark district. A doctorate degree is Class VII in the HIDOE salary schedule or the equivalent in the benchmark district. Starting pay is step 5 in the HIDOE salary schedule or the first fully licensed step equivalent in the benchmark district. Maximum pay is Step 14B in the HIDOE salary schedule or the highest step equivalent in the benchmark district.

Salary Percentile - Geographically Proximal Benchmarks



The data shows that starting salaries are competitive, particularly at the entry level which is above the midpoint. However, as employees progress midpoint and maximum pay rank in the bottom third across all education levels. This indicates that entry pay is aligned to the market but long-term earning potential is significantly less competitive, as compensation on the higher end of the salary schedule lags the market.

Market Analysis: U.S. Territories/Commonwealths

All data in this analysis were adjusted for working days, working hours, and cost of labor.

Starting, master's, and doctorate pay is compared to all U.S. Territories/Commonwealth benchmarks (n=7). The n size is the same for all analyses in this subgroup.

Salary Percentile - U.S. Territories/Commonwealths

FULL SALARY SCHEDULE, MASTERS' DEGREE, and DOCTORATE DEGREE

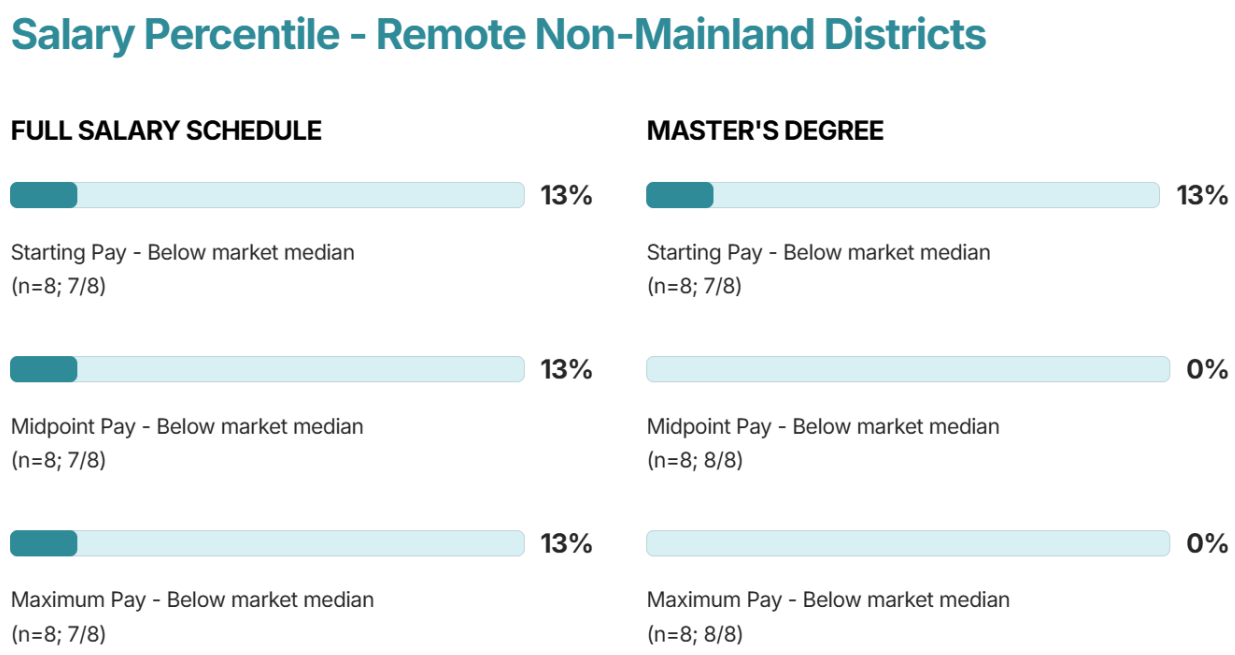


The data shows that salaries for all levels, including entry, midpoint, and maximum, are well above the midpoint for all degrees, including master's and doctorate. HIDOE Honolulu is the single data point above the HIDOE state average in all analyses. HIDOE Honolulu is above the state average due to differences in cost of labor between the state average and Honolulu.

Remote Non-Mainland Districts

All data in this analysis were adjusted for working days, working hours, and cost of labor.

Starting and master's pay are compared to all remote non-mainland benchmarks (n=8). Doctorate analysis was not performed, as the n size is less than 5 and a minimum of five responses is required for reporting and analysis. Benchmarks not reporting doctorate pay data include the following four districts: Fairbanks North Star Borough SD, Juneau Borough SD, Anchorage SD, and Kenai Peninsula Borough SD.



The chart shows that pay levels are significantly below the market when compared to remote non-mainland districts, with salaries at or near the bottom of the distribution.

Overall Market Study Findings

- Cost of labor varies across Hawai‘i at entry, midpoint, and maximum pay salaries.
- Without appropriately adjusting salaries to account for working days, hours worked, and cost of labor, Hawai‘i teacher salaries appear to **lag the market**.
- Overall, when salaries are appropriately adjusted for accurate comparisons, Hawai‘i teacher salaries **match the market**.
- Teacher pay **leads the market** in comparison to Commonwealth/Territory districts and **lags the market** in comparison to Remote (Non-mainland U.S.) districts.

- Teacher starting pay (step 5) tends to be slightly **above market midpoint** while maximum pay (step 14B) tends to be slightly **below the market midpoint** for the classes that were examined.

ANALYSIS OF COMPENSATION CHANGES: TEACHER SALARY MODERNIZATION PROJECT

Experience Management Institute

Analysis of Compensation Changes: Teacher Salary Modernization Project

The section examines two compensation changes introduced through the Teacher Salary Modernization Project: shortage differentials and compression adjustments. These changes were designed to address persistent teacher shortages in Hawai‘i. For each, we provide an overview, summarize key findings, and offer targeted recommendations to strengthen the state’s ability to recruit and retain educators.

Shortage Differentials

In early January 2020, the Hawai‘i State Department of Education (HIDOE) announced a set of targeted hard-to-staff differentials aimed at improving recruitment and retention in schools and roles facing the most persistent staffing challenges. The announcement was intentionally timed to align with the Teacher Assignment and Transfer Program (TATP) to maximize the policy’s impact on teacher decision-making during a critical window when teachers can transfer to a new position or school (HIDOE, 2020). The differentials were designed to provide financial incentives to educators in high-need positions and locations that have historically experienced chronic vacancies and high turnover. The first differential payments occurred during the 2020-2021 school year.

Differential Categories and Amounts

The differential structure includes the following categories:

- **Hard-to-Staff Location Differential**: Support educators working in designated remote or hard-to-fill complexes or schools. These amounts are tiered based on geographic isolation, the percentage of teachers who haven’t completed a state-approved teacher education program, and vacancy and emergency hire trends (SB No. 2820, 2022).

Tier	Qualifying Complexes & Schools	Annual Differential
1	Hawai‘i District: Kea‘au and Pāhoa	$3,000
2	Hawai‘i District: Kealakehe, Kohala, and Konawaena Maui District: Lahainaluna	$5,000
3	Hawai‘i District: Honoka‘a and Ka‘ū	$7,500
4	Maui District: Hāna, Lāna‘i, and Moloka‘i Leeward District: Nānākuli and Wai‘anae Special Schools: Olomana School and HSDB	$8,000

- **Special Education Differential**: Awarded to licensed special education teachers who provide direct instruction and manage a caseload of students. These positions represent some of the most acute staffing shortages.

    - Annual Differential Amount: $10,000
- **Hawaiian Language Immersion Differential**: Supports teachers instructing in Hawaiian language immersion or Hawaiian language programs, supporting both linguistic preservation and cultural relevance.
    - Annual Differential Amount: $8,000

The differential categories and associated amounts have remained consistent since their initial implementation in 2020. Data was not available to examine the impact of Hawaiian Language Immersion differential so the analyses focus on the other differential categories.

Findings

Awareness and Understanding

Statewide teacher input shows that while awareness of shortage differentials is high, many educators still report uncertainty about eligibility rules and fairness in how the policy is applied. During the teacher focus groups, participants received a brief explanation of the differential system, after which a live poll was administered. Results showed near-universal awareness of the system, with 98% reporting that they knew that Hawai‘i pays differentials to teachers in hard-to-staff areas and positions.

The statewide teacher survey provided a more nuanced view. When asked whether they were aware of which positions are eligible for a shortage differential, a combined 77% agreed or strongly agreed, while 10% were neutral and 13% disagreed to some extent. However, when asked whether they understood how eligibility for shortage differentials is determined, responses reflected less certainty. Only 59% agreed or strongly agreed, while 16.5% were neutral and 24.6% disagreed or strongly disagreed.

These findings were echoed in focus group discussions. Many participants described confusion and a lack of clarity around who qualifies for the differentials, how eligibility is determined, and why similar roles are sometimes treated differently. These findings suggest that while overall awareness of the existence of differentials is high, understanding of the eligibility criteria remains limited for a significant portion of the workforce. This gap underscores the need for clearer and more consistent communication around who qualifies, why, and how the differentials are applied.

In terms of perceived fairness and transparency, teachers were divided. Just 34.4% agreed or strongly agreed that the process for awarding differentials is fair and transparent, while an equal proportion (34.8%) disagreed or strongly disagreed, and another third (30.2%) remained neutral. Teachers often compared their workload and responsibilities to peers who did receive the differential, questioning the equity of the policy’s implementation.

This was especially true for the special education differential, where teachers noted unintended consequences such as resentment and confusion among staff, particularly between general education and special education teachers. Multiple participants shared that some teachers receive the differential despite not carrying a full SPED caseload or instructional responsibilities, while others—especially inclusion teachers or co-teachers—take on those responsibilities without additional compensation. As one teacher explained, “I co-teach SPED and carry a lot of the weight, but I don’t qualify. It’s frustrating seeing others get the stipend when they don’t have students or do IEPs.” Another added, “This has caused division on our campus. The stipend seems arbitrary.” These concerns point to a broader need for clarity, consistency, and accountability in defining who qualifies for differentials and why—particularly in team-teaching or hybrid instructional settings, where roles often overlap.

> “People take advantage of the SPED differential and get paid the $10,000 but don’t do the work they are supposed to, so it becomes unfair.”
>
> Teacher Focus Group Participant
> May 21, 2025

Some teachers expressed concern that current differential policies do not fully reflect all areas of persistent staffing need. In open-ended survey responses and focus group conversations, educators identified other roles they believed should qualify for differentials, including TESOL/ELL, behavior analyst teachers, high school math teachers, computer science teachers, and CTE. Others described how their school frequently relies on long-term substitutes or emergency hires, highlighting that shortages are not always confined to the currently designated locations. Several teachers also called attention to Title I schools, noting that these schools serve high-need student populations and face unique teaching challenges that warrant additional support or compensation. These perspectives suggest that some teachers perceive a mismatch between the differential policy and the realities of staffing difficulties on the ground.

Administrators echoed many of these concerns. While a majority (55%) agreed that teachers are aware of which positions are eligible, only 36% believed that teachers understand the criteria used to determine eligibility. Like teachers, administrators were also split on the issue of fairness and transparency—only one-third (33%) agreed that the process is clear and equitable, with the rest either neutral (36%) or disagreeing (31%).

> “Make it clear to Principals and teachers what needs to happen to ensure they can get the differential. I have made a mistake with this because I was advised incorrectly.”
>
> School Administrator

Impact on Recruitment and Retention

Understanding how educators and administrators perceive the effectiveness of shortage differentials is a key to interpreting their impact and shaping future policy. While some patterns of agreement emerge, perceptions remain mixed, especially with regards to whether the differential amounts are adequate and how influential the differentials actually are in shaping decisions.

Teacher Perceptions of Impact

Teachers expressed strong theoretical support for the idea of differentials, particularly in focus groups. In live polling during the focus groups, 76.4% of teachers said differentials motivate educators to move into shortage positions, and 80% agreed they help teachers stay in these roles. However, this did not fully carry over to the broader teacher survey.

When asked whether the amount of the shortage differential personally motivates them to work in or remain in a shortage area, only 31% agreed, while 36% disagreed and 33% remained neutral. While some acknowledged the financial incentive as helpful, many noted that the differentials were not large enough to offset the workload, stress, or cost of living associated with shortage roles. This suggests that while teachers conceptually support the strategy, many do not find the current incentive amounts strong enough to significantly influence their own decisions.

> "Ultimately, differentials are just a Band-Aid. If we don't address the real, systemic issues, we'll keep losing good teachers—no matter how much we offer in bonuses."
>
> Teacher Survey Participant

Just over half (53%) of teachers agreed that shortage differentials are an effective staffing strategy, but nearly a quarter (24%) disagreed. Among survey respondents who currently receive a shortage differential (29% of all respondents), a majority (56%) said the amount was not adequate for the demands of their position. Several teachers noted that while the differential helped, it had not kept pace with rising costs of living, with some recommending increases to account for inflation and to maintain the incentive's intended impact over time.

When teachers who currently receive a differential were asked to select all the ways differentials influenced their career decisions:

- **65%** said it influenced their decision to *stay* in a shortage area
- **26%** said it affected their decision to *accept* such a position
- **7.5%** said it motivated them to *transfer* into a shortage area
- **29%** said it had *no influence*

It's important to note that teachers who currently receive a differential may have already been working in eligible shortage areas before the policy was introduced. For these teachers, the differential did not require a transfer or new job acceptance. This helps

explain why retention-related influence is more prominent than recruitment effects in the data.

Administrator Perceptions of Impact

Administrator views on the effectiveness of shortage differentials generally mirrored teacher sentiment, though they skewed slightly less positive overall. Across all administrator responses:

- **34%** agreed that the differential amounts motivate teachers to stay or work in shortage areas
- **43%** agreed that differentials are an effective strategy
- **39%** agreed differentials have a positive impact on recruitment and retention

> "To be honest while an increase in salary is nice, it is the culture and support at school that drives satisfaction. No amount of money in the world is going to encourage a teacher to stay in a toxic, unsupported school environment."
>
> School Administrator

In each case, roughly one-third of respondents selected "neither agree or disagree" and 27–29% disagreed, indicating a lack of consensus among school and complex area leaders. Some administrators pointed to other factors, such as working conditions, school culture, housing affordability, and passion for teaching, as having a greater influence on teacher recruitment and retention.

However, perceptions were more favorable among administrators working in locations that receive a hard-to-staff location differential. While these respondents made up just 14% of the survey sample, they were more likely to view differentials as having a positive impact:

- **50%** agreed that the differential amounts motivate teachers to stay or work in shortage areas
- **62.5%** agreed that differentials are an effective strategy
- **50%** agreed differentials have a positive impact on recruitment and retention

Even within this smaller group, opinions were not unanimous—38% disagreed that differentials are effective or have a positive impact, suggesting mixed perceptions of about the policy's implementation and outcomes.

Impact on Turnover: Hard-to-Staff Location Differentials

To understand the longer-term impact of shortage differentials on teacher retention, turnover data was analyzed across several years. In this analysis, turnover includes both teachers who separate from employment with the Hawai'i Department of Education and those who transfer to different schools.

The table compares the average turnover rates before and after differentials were introduced across the four categories of location differentials. School years 2019-20 and 2020-21 are excluded since they reflect the initial rollout period of shortage differentials. Tier 4 schools, which receive the highest differential of $8,000, were the only group to show a sustained decrease in turnover over time.

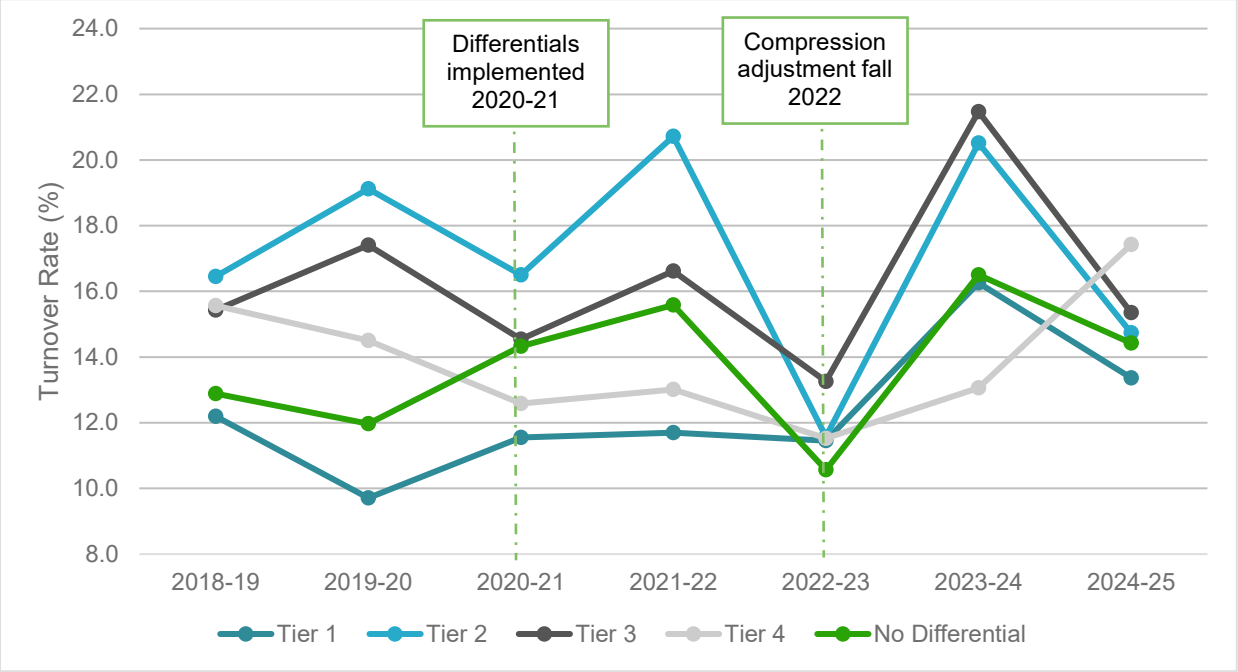
Table 10: Turnover Rates Before and After Introduction of Shortage Differentials

Differential Category	Differential Amount	SY2019 (before differential)	Avg SY2022-2025 (after differential)	Delta
Tier 1	$3,000	12.2%	13.2%	▲ 1.0%
Tier 2	$5,000	16.5%	16.9%	▲ 0.4%
Tier 3	$7,500	15.4%	16.7%	▲ 1.2%
Tier 4	$8,000	15.6%	13.8%	▼ 1.8%
No Differential	$0	12.9%	14.3%	▲ 1.4%

The figure below displays annual turnover rate for each differential tier. Over the five years following the implementation of the differentials, Tier 4 schools consistently maintained lower turnover rates compared to their pre-differential baseline. This suggests a positive and sustained impact of the highest differential amount on retention. However, in 2024-25, turnover at Tier 4 schools rose sharply to 17.4%, signaling that even the most generous differential may not be sufficient to counter other factors influencing teacher mobility.

Across the other differential tiers and non-differential schools, temporary dips in turnover rates coincided with the introduction of compensation changes, such as during the implementation of compression adjustments in 2022–23. However, these reductions were not sustained, and turnover rates returned to or exceeded pre-differential levels in the subsequent school year. Additionally, despite receiving targeted compensation, turnover rates in Tier 2 and Tier 3 schools remained higher than in schools that do not receive any differential at all. This pattern suggests that while compensation changes may offer short-term relief, their long-term impact on retention is limited without additional systemic changes.

Figure 8: Average Teacher Turnover Rate by Hard-to-Staff Location Differential Tier



A deeper look at complex and school-level turnover patterns adds important context to the analysis. Many of the complexes with the highest turnover rates—defined here as average 2-year and 3-year teacher turnover—are not currently eligible for a hard-to-staff location differential. This misalignment suggests the current policy may not fully reflect the areas of greatest staffing instability. Several non-differential complexes reported turnover rates exceeding 20%, including Kulanihāko‘i (30.7%), Kailua (22.1%), and Kalaheo (21.3%). Even some Tier 2 and Tier 3 complexes, such as Kealakehe and Honoka‘a, exhibited turnover levels rivaling or exceeding those of Tier 4 schools.

Table 11: Top 15 Complexes with the Highest 2-Year Average Teacher Turnover Rate (SY2024-2025)

Complex	Differential Tier	Turnover: 2-year Avg	Turnover: 3-year Avg
Complex- Kulanihāko‘i	N/A	30.7	27.8
Complex-Kailua*	N/A, Tier 4	22.1	17.8
Complex-Kealakehe	Tier 2	22.1	20.2
Complex-Kalaheo	N/A	21.3	20.3
Complex- Honoka‘a	Tier 3	20.6	17.4
Complex-Leilehua	N/A	20.2	17.9
Complex-Pahoa	Tier 1	19.3	16.9
Complex-Maui	N/A	19.1	16.2
Complex-Baldwin	N/A	19.0	16.1
Complex-Lahainaluna	Tier 2	18.9	16.0
Complex-East Kauai	N/A	18.7	17.6
Complex-Kaimuki	N/A	18.0	16.1

Complex	Differential Tier	Turnover: 2-year Avg	Turnover: 3-year Avg
Complex-Radford	N/A	17.9	16.3
Complex-Waianae	Tier 4	16.8	15.2
Complex-West Kauai	N/A	16.7	17.2
Hawai‘i	-	**15.7**	**14.0**

*Kailua Complex includes one school that receives a Tier 4 differential.

At the school level, turnover rates were even more severe. Fifteen schools had 2-year average turnover rates above 30%, with Lokelani Intermediate (50.9%) and Keolu Elementary (49.6%) topping the list. Of these high-turnover schools, most are not in complexes that receive any location-based differential. Some, such as Kealakehe Intermediate (30.2%) in Tier 2, illustrate that even with targeted compensation, turnover may remain persistently high.

Table 12: Top 15 Schools with the Highest 2-Year Average Turnover Rates (SY2024-2025)

School	Complex	Differential Tier	Turnover: 2-year Avg	Turnover: 3-year Avg
Lokelani Inter	Complex-Kulanihakoi	N/A	50.9	47.2
Keolu Elem	Complex-Kailua	N/A	49.6	39.7
Shafter Elem	Complex-Moanalua	N/A	39.3	30.6
Wailuku Elem	Complex-Baldwin	N/A	39.2	32.7
Aliiolani Elem	Complex-Kaimuki	N/A	37.2	24.8
Wahiawa Middle	Complex-Leilehua	N/A	36.2	32.0
Paauilo Elem & Inter	Complex-Honokaa	Tier 3	35.8	29.2
Solomon Elem	Complex-Leilehua	N/A	33.8	28.6
Mokulele Elem	Complex-Radford	N/A	32.6	29.1
Kalanianaole Elem & Inter	Complex-Hilo	N/A	31.6	28.3
Inouye Elem	Complex-Leilehua	N/A	31.5	24.5
Maunawili Elem	Complex-Kailua	N/A	30.6	20.4
Kihei Elem	Complex-Kulanihakoi	N/A	30.2	26.8
Kealakehe Inter	Complex-Kealakehe	Tier 2	30.2	30.3
Waiahole Elem	Complex-Castle	N/A	30.0	28.3

This data points to a potential gap in policy alignment, where differentials are not reaching all of the schools and complexes most affected by staffing instability. It also raises important questions about whether the differential amounts, especially in Tiers 1–3, are sufficient to effectively retain teachers in the long term.

Impact on Vacancies: Hard-to-Staff Location Differentials

To evaluate the longer-term effects of Hawai‘i’s location-based shortage differentials on teacher recruitment, vacancy rates were analyzed over a multi-year period. Vacancy rates were calculated based on the number of unfilled school-level teacher positions reported as of October 1 of each school year, using average teacher counts to determine percentage rates. Teacher positions based in district, complex area, and state offices are not included in this analysis.

The table below compares the average vacancy rates before and after differentials were introduced across the four categories of location differentials. To isolate sustained impact, the initial rollout period (October 2019 and 2020) was excluded from the average post-implementation comparison. Tier 4 schools, which receive the highest differential of $8,000, were the only group to show a sustained decrease in vacancies over time, falling from 12.5% pre-differential to an average of 6.9% in the years that followed. This trend suggests a measurable and lasting positive impact on teacher recruitment in the state’s most remote or hardest-to-staff areas.

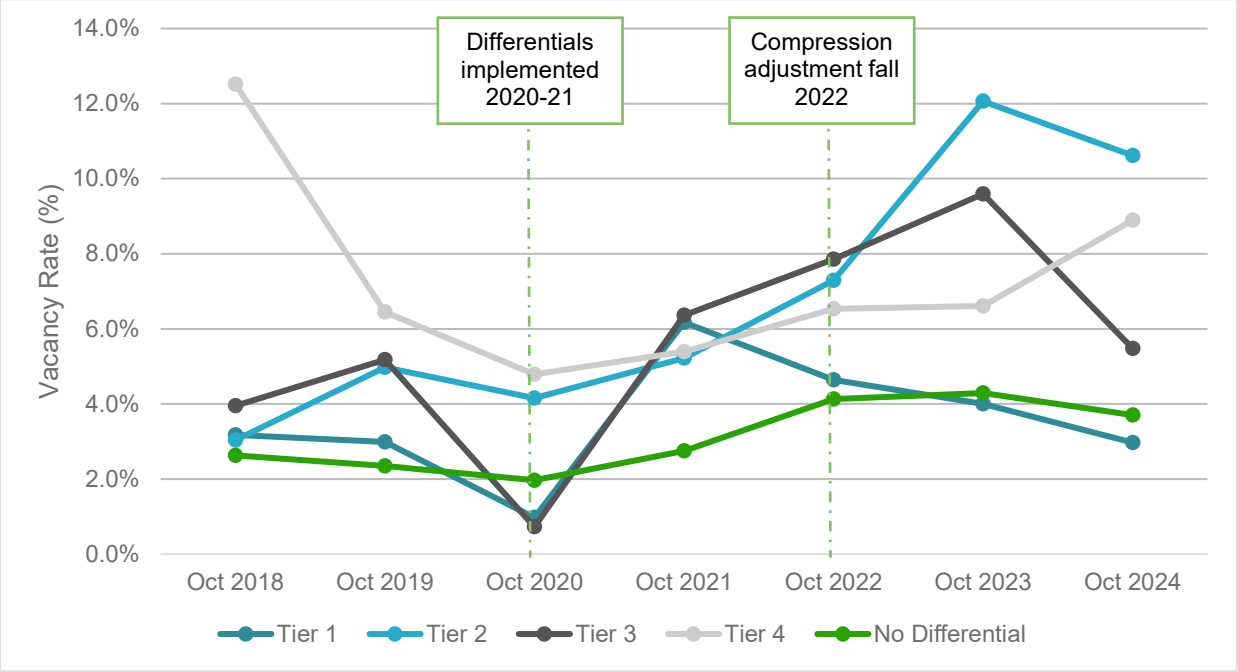
Table 13: Vacancy Rates Before and After Introduction of Shortage Differentials

Differential Category	Differential Amount	Oct 2018 (before differential)	Avg 2021-2024 (after differential)	Delta
Tier 1	$3,000	3.2%	4.4%	▲ 1.3%
Tier 2	$5,000	3.0%	8.8%	▲ 5.8%
Tier 3	$7,500	4.0%	7.3%	▲ 3.4%
Tier 4	$8,000	12.5%	6.9%	▼ 5.7%
No Differential	$0	2.6%	3.7%	▲ 1.1%

The figure below further illustrates this point, showing a sustained decline in vacancy rates for Tier 4 schools over time. In contrast, the average vacancy rate for schools in Tiers 1 through 3 saw increases in vacancy rates, some rising significantly above their pre-differential baselines. For example, Tier 2 vacancies nearly tripled, averaging 8.8% after implementation.

In addition, the average vacancy rate for Tier 2 and Tier 3 schools remained consistently higher than the average vacancy rate for schools that did not receive any differential at all. This pattern suggests that differential amounts in these tiers may be insufficient to overcome other recruitment barriers, such as geographic isolation, cost of living, or perceived working conditions.

Figure 9: Average Teacher Vacancy Rate by Hard-to-Staff Location Differential Tier



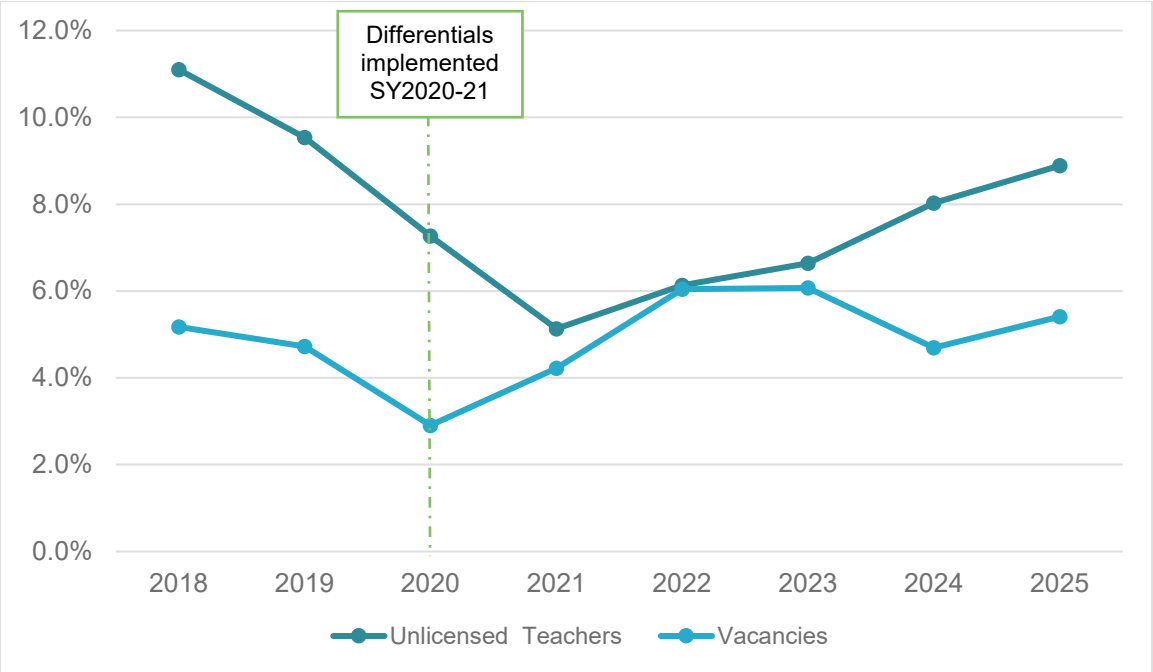
Impact on Vacancies and Unlicensed Teachers: Special Education Differentials

A 2023 independent study previously analyzed the effects of Hawai‘i’s $10,000 annual differential for special education teachers. The study found that the special education differential significantly increased the proportion of special education positions filled by licensed educators (Theobald, et al., 2023). This improvement was largely driven by current general education teachers transferring into special education roles. These shifts were especially noticeable in Tier 4 schools, which receive the highest hard-to-staff location differential. The policy allows educators to stack differentials, so educators working in both a hard-to-staff location and a special education role can receive both incentives. However, the study found that the policy did not significantly improve retention rates among teachers already working in special education. The findings suggest that financial incentives can be an effective tool for improving access to licensed educators for students with disabilities, helping to address persistent equity gaps.

To assess longer-term effects, vacancy rates and the proportion of unlicensed teachers in special education positions were analyzed over multiple years. Vacancy rates were calculated using unfilled school-level positions reported as of October 1 each year, while unlicensed rates were based on the share of special education positions filled by educators without a valid license. Special education positions based in district, complex area, or state offices were excluded.

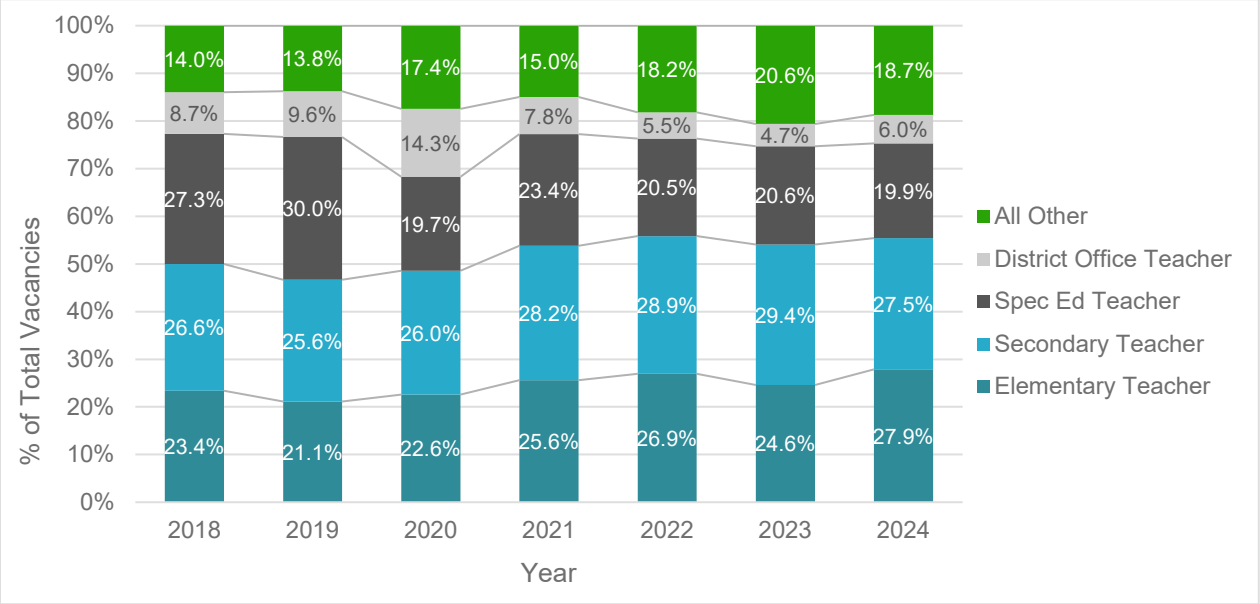
Results show that the percentage of unlicensed special education teachers fell following the introduction of differentials and has remained below pre-implementation levels, though rates have inched upward since 2021. Similarly, vacancies declined immediately after the differential was introduced in 2021 but have since returned to levels comparable to or slightly above the pre-differential period (Figure 6). These findings align with those from the 2023 study by Theobald et al.

Figure 10: Rates of Special Education Vacancies and Unlicensed Teachers, 2018-2025



Despite increases in the total number of teacher vacancies statewide, special education vacancies have grown at a slower pace than other teaching positions. This trend suggests that the special education differential may be helping to offset rising vacancy pressures. Prior to the implementation of shortage differentials, special education positions accounted for 30% of all teacher vacancies. In more recent years, that proportion has decreased to approximately 20%, indicating a shift in how vacancies are distributed across the system.

Figure 11: Position Vacancies as a Percentage of Total Teacher Vacancies 2018-2024



The table below compares the average special education vacancy rates before and after differentials were introduced across the four categories of location differentials. Since differentials can be stacked, special education teachers in hard-to-staff locations receive both differentials. To isolate sustained impact, the initial rollout period (October 2019 and 2020) was excluded from the average post-implementation comparison. Tier 4 schools, which receive the highest location differential, were the only group to show a sustained decrease in vacancy rates over time, dropping from 13.8% before the differential to an average of 8.9% afterward. Other tiers saw vacancy rates rise, suggesting uneven effects across contexts.

Table 14: Special Education Vacancy Rates Before and After Introduction of Differentials

Differential Category	Differential Amount	Oct 2018 (before differential)	Avg 2021-2025 (after differential)	Delta
Tier 1, Spec Ed	$13,000	5.1%	5.8%	▲ 0.6%
Tier 2, Spec Ed	$15,000	3.4%	7.4%	▲ 4.0%
Tier 3, Spec Ed	$17,500	5.1%	9.7%	▲ 4.5%
Tier 4, Spec Ed	$18,000	13.8%	4.9%	▼ 8.9%
Spec Ed	$10,000	4.4%	5.1%	▲ 0.6%

Unlicensed teacher rates reveal a more consistent positive trend. Table 15 shows that the proportion of unlicensed special education teachers declined across all tiers, including schools without location differentials. The most significant reductions occurred in Tiers 2–4, where the combined incentives are largest. These findings indicate that

differentials have improved the overall qualifications of the special education workforce, even if vacancy challenges remain.

Table 15: Percentage of Unlicensed Special Education Teachers Before and After Introduction of Differentials

Differential Category	Differential Amount	SY2019 (before differential)	Avg SY2022-2025 (after differential)	Delta
Tier 1, Spec Ed	$13,000	7.8%	4.6%	▼ 3.2%
Tier 2, Spec Ed	$15,000	15.8%	5.7%	▼ 10.1%
Tier 3, Spec Ed	$17,500	10.3%	3.2%	▼ 7.0%
Tier 4, Spec Ed	$18,000	13.8%	5.9%	▼ 7.9%
Spec Ed	$10,000	10.6%	7.4%	▼ 3.3%

Compression Adjustments

Pay Compression

Pay compression, also referred to as salary or wage compression, occurs when the pay difference between employees with varying levels of experience, responsibilities, or qualifications becomes small. In schools, this typically appears when newly hired educators earn salaries similar to, or even higher than, those of long-serving educators in the same roles. Pay compression can arise from several factors, including:

- Raising starting salaries to address shortages
- Offering bonuses or incentives to new hires but not existing employees
- Freezing salaries for an extended period
- Failing to adjust salary schedules in response to market changes.

Over time, these practices can erode pay differentiation and create misalignment between compensation and tenure, skill, and institutional knowledge. When not addressed, pay compression can weaken morale, increase turnover of experienced teachers, and create the impression that long-term service and professional growth are undervalued. Addressing pay compression requires thoughtful compensation strategies that are transparent, equitable, and responsive to both recruitment and retention needs.

Contributing Factors to Hawai‘i Teacher Compression

For Hawai‘i teachers, the most significant driver of pay compression has been the lack of consistent movement through the step schedule. Step movement in Hawai‘i is negotiated rather than automatic. While the step system was designed to reflect years of experience, teachers did not receive regular step increases during the economic downturn, when raises were frozen for several years. This left thousands of educators

stuck on the same step, regardless of their tenure. As a result, many experienced educators earned the same as newer hires.

Hawai‘i’s current salary placement policies for new teachers also contribute to compression. Depending on their education level, teachers may begin in Class II with a bachelor’s degree, Class III with a master’s degree, or Class VII with a doctorate degree and a valid Hawai‘i State teacher license. Starting step placement varies based on experience and credentialing. Teachers who have not completed a state approved teacher education program (SATEP) start on step 4, while those who have completed a SATEP and have no prior experience begin on step 5. Educators with up to two years of verified military or teaching experience begin on step 6, while those with 3-6 years start on step 7. Veteran teachers transferring from other states are granted at most two steps, placing them at similar levels as new teachers despite years of service elsewhere. This practice exacerbates compression by clustering a wide range of experience levels into the same early steps on the schedule.

In addition, HIDOE eliminated Steps 1–3 (instructor levels) and created a single instructor step (Step 4) beginning in the 2023–2024 school year. While intended to improve starting pay, this change further narrowed the pay spread between entry-level and more experienced teachers, compressing salaries even more tightly across the schedule. These policies, combined with uneven step movement over time, contributed to ongoing pay compression and frustration among long-serving teachers whose compensation does not fully reflect their tenure and expertise.

Description of the Compression Adjustments

In the fall of 2022, the Hawai‘i State Department of Education (HIDOE) implemented a one-time salary adjustment to correct inequities in the teacher salary schedule. The effort, authorized by HB 1511 and supported through Act 248, targeted teachers whose pay did not align with their years of service in Hawai‘i.

Under the repricing plan, teachers in Bargaining Unit 05 (BU 05) were reassigned to new salary steps based on their years of qualifying service with the state of Hawai‘i. Educators with less than two years of service were placed on step 5, with every additional two years of service moving them up another step, maxing out at step 14B for those with 22 or more years. To qualify, teachers had to be actively employed on both the final day of the 2021–2022 school year and the first day of the 2022–2023 year.

Only specific types of service counted toward repricing adjustments. Time on leave without pay (LWOP) did not qualify as service credit. Out-of-state teaching experience was also not included in the recalculation. By state law, service credit can only be granted for two areas: (1) up to four years of active duty military service, and (2) periods of paid status with the State of Hawai‘i (HSTA, 2022). While teachers transferring from

other education systems may receive a higher initial placement on the salary schedule based on prior experience, that initial placement did not translate into additional service credit for repricing purposes.

The new pay rates were permanent, and retroactive payments were distributed in November 2022, covering the period from the first teacher workday of the 2022–2023 school year forward. No retroactive payments were made for time prior to the 2022–2023 school year. Teachers who were already at the top step (Step 14B) did not benefit from the repricing itself. Instead, under an agreement negotiated with HSTA in April 2023, those educators received a $3,000 one-time lump sum payment in recognition of their service.

Findings

Awareness

In focus group discussions conducted as part of the Compensation Impact Study, most participating teachers were aware of the salary compression adjustments implemented in 2022. A total of 82% (72 out of 88) reported being aware that a one-time salary adjustment had been implemented to address disparities in pay among educators with similar years of experience. This high level of awareness suggests that communications around the initiative reached the majority of the workforce, at least at a surface level.

Perceptions of Fairness and Impact

Educator views on the fairness and effectiveness of the compression adjustment are mixed. Among teachers who participated in focus group discussions, only half felt the compression adjustments had a positive impact, with 42% reporting pay was “somewhat more fair” and 8% saying it was “much more fair”. In contrast, more than one-third (34%) felt there had been no improvement or that compensation had become less fair, and 16% were unsure of the impact.

Teacher survey data also highlights ongoing concerns about pay fairness. Across the board, few teachers believe the current step system accurately reflects years of service, signaling that the compression adjustment alone did not resolve ongoing concerns about equity in the salary structure. As shown in Figure 8, 69% of teachers with more than 6 years of service disagreed or strongly disagreed that the step system is fair. Notably, disagreement peaked at 73% among those with 20 or more years of experience. Even newer educators expressed concerns, with only 15% of teachers with 1–2 years of experience agreeing that the system reflects their experience.

Figure 12: Teachers' Perceptions of Step System Fairness by Years of Hawai'i Teaching Experience

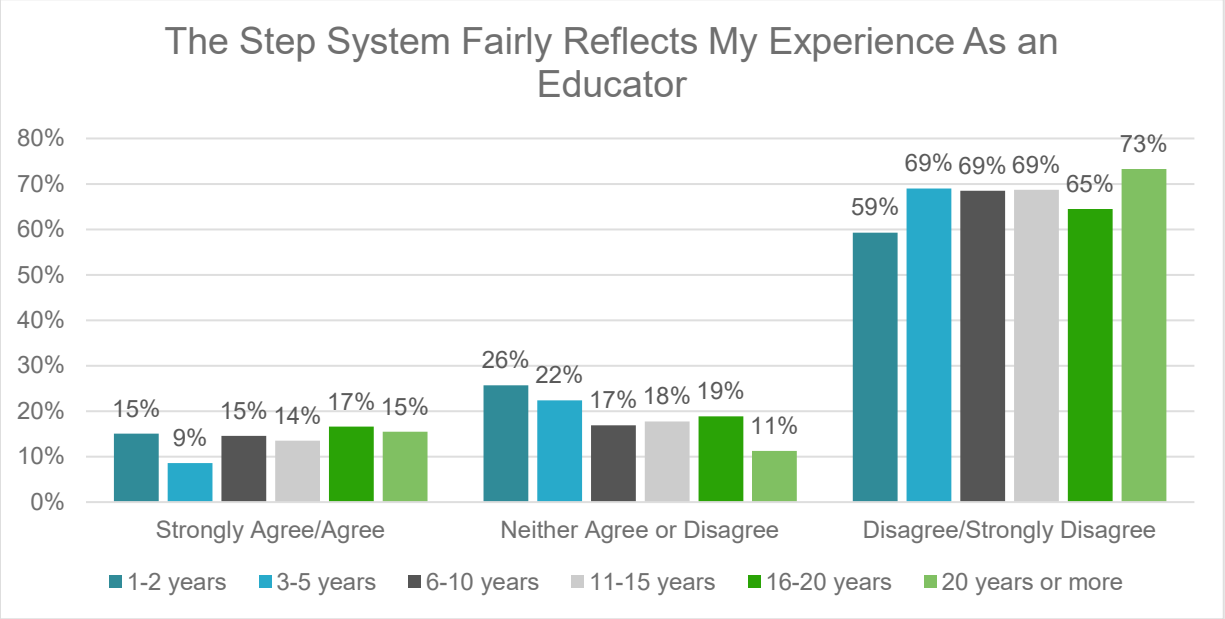
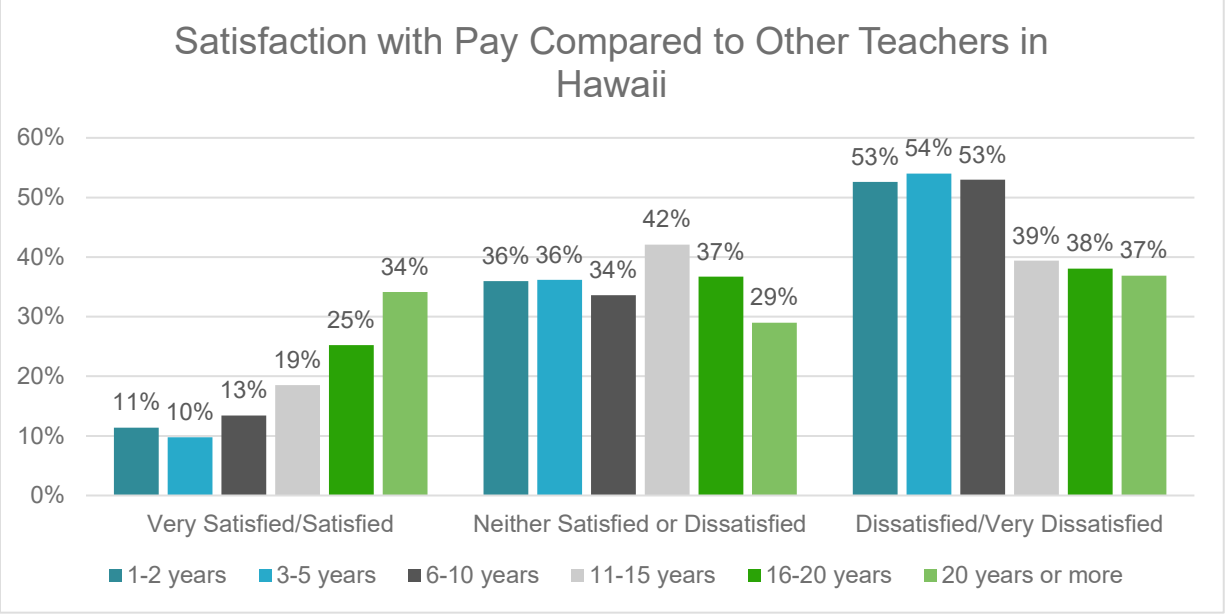


Figure 9 further highlights dissatisfaction, particularly among less experienced teachers. When asked about their satisfaction with pay compared to other teachers in Hawai'i, over half of those with 1–10 years of experience reported being dissatisfied or very dissatisfied. Even among veteran teachers, dissatisfaction remained high, hovering between 37% and 39% for those with more than 11 years of service.

Figure 13: Teachers' Pay Satisfaction in Comparison to Other Hawai'i Teachers by Years of Hawai'i Teaching Experience



Administrator feedback mirrored these concerns, though responses were somewhat more positive overall. One-third of administrators (34%) agreed that the step system fairly reflects teachers' experience, while 41% disagreed. Similarly, just over 31% agreed that teachers with similar roles and experience receive comparable pay while 40% expressed disagreement.

These findings suggest that while the compression adjustment may have addressed some pay inequities, it did not resolve deeper concerns with the step system itself. Although the 2022 compression adjustment was widely recognized as a necessary corrective to longstanding pay inequities, qualitative data reveal that many teachers still perceive the system as unfair. Educators voiced frustration over lingering structural issues, limited retroactivity, and the continued exclusion of certain types of experience and service. These experiences help explain why survey results showed persistent dissatisfaction with the step system even after repricing.

Many teachers expressed frustration that the compression adjustments did not account for their full breadth of professional experience, particularly time spent teaching outside of Hawai'i or in charter schools. Although these educators brought years of related expertise to HIDOE, they reported being placed on the same salary step as new hires or receiving minimal credit for their service. Others noted that industry experience directly related to their teaching field did not factor into their step placement. This led to feelings of professional devaluation and concerns about the long-term impact on teacher retention. The exclusion of this experience was seen as inconsistent with the state's efforts to attract and retain highly qualified teachers.

> "I earn significantly less than my peers with similar experience because I didn't have all my teaching exclusively in Hawai'i. It was like they rescinded recognition of my previously respected out-of- experience... They made it SOUND like we all get a raise, but compression [adjustment] was nothing but painful for our household."
>
> Teacher Survey Participant

> "The one-time payment was very little and did not make up for all of the years veteran teachers were frozen in place."
>
> Teacher Focus Group Participant

Teachers also voiced concerns that the retroactive pay provided as part of the compression adjustment only applied to the current school year (2022–2023). For educators who endured years of wage stagnation during the recession and beyond, this was viewed as a partial correction at best. Many felt the adjustment failed to acknowledge past lost earnings opportunities.

Veteran teachers already placed at the top of the salary schedule (Step 14B) were not eligible for salary increases under the compression adjustment. Instead, they received a

one-time lump sum payment of $3,000. While intended as recognition for their service, many educators felt the payment fell short of acknowledging the longstanding stagnation they had experienced. These teachers noted they had reached the salary ceiling without clear opportunities for continued progression, making them feel "stuck" despite years of commitment. The experience of these teachers highlights a broader concern about the lack of ongoing incentives for long-term service within HIDOE's current compensation framework.

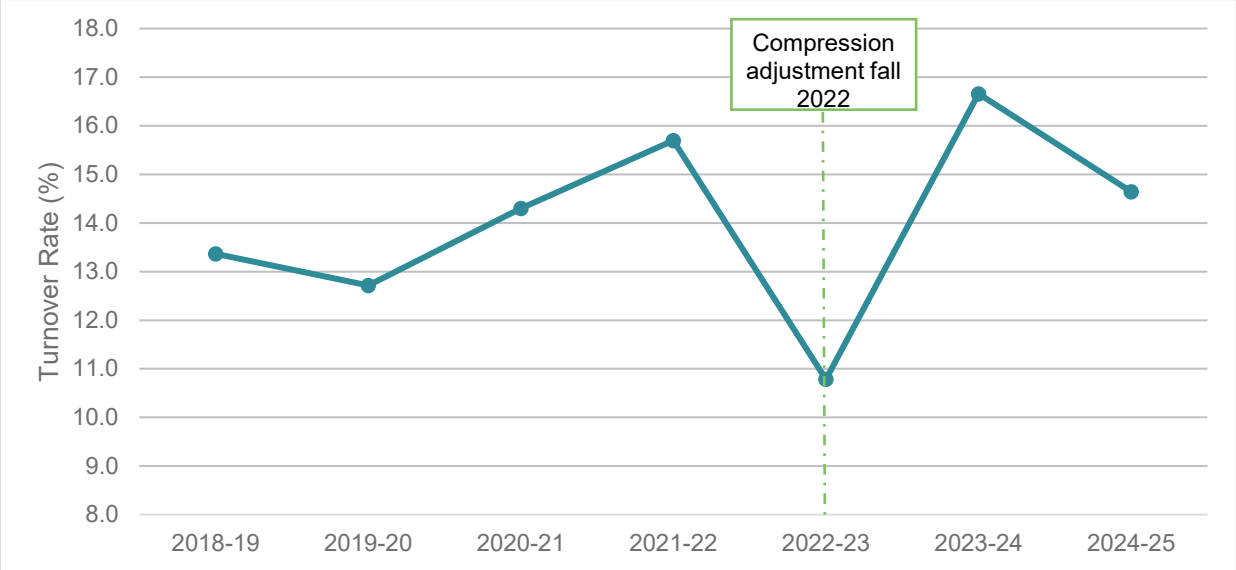
> "It is unfair that teachers with 30 years of service were not compensated fairly with the compression schedule... With the compression [adjustment], we only got a fraction of what the other teachers got because we were already at the top of the scale. $3,000 one time bonuses are not close to what other teachers got."
>
> Teacher Survey Participant

While direct links between compression and teacher retention are difficult to isolate, some teachers noted that increased salary helped justify staying in the profession, particularly when combined with differentials or other supports. However, the tone of most comments reflected frustration rather than motivation. Teachers were especially concerned about the compression adjustment's limited impact on morale and its failure to address broader compensation challenges.

Impact on Retention

The 2022 compression adjustment coincided with a sharp, but temporary, drop in statewide turnover rates. During the 2022–23 school year, turnover fell to its lowest point in the past five years. However, this improvement did not last. By the following year, turnover climbed to its highest level in the same five-year period, before settling back to a rate similar to pre-adjustment levels in 2024–25.

Figure 14: Hawai'i Teacher Annual Teacher Turnover Rates SY2019-SY2025



Distribution of Teachers Across the Salary Schedule

The last compensation study contracted by HIDOE was completed in January 2020. The study noted that a majority of teachers (6,671) were concentrated in the middle of the salary schedule between Steps 5 and 10 in Classes II through IV. Overall, Step 10 (2,803) followed by Step 8 (2,648) had the largest number of teachers.

Table 16: Number of Teachers in Each Cell of the Salary Schedule, 2018-2019

	Class					
Step	**II**	**III**	**IV**	**V**	**VI**	**VII**
1	398	19	0	0	0	0
2	63	3	0	0	0	0
3	2	16	6	0	0	0
5	534	412	12	0	0	6
6	386	504	140	36	8	10
7	246	498	216	103	54	35
8	296	730	613	366	216	427
9	51	124	110	85	48	125
10	137	305	429	338	307	1287
11	32	45	69	95	85	613
12	17	47	65	61	79	631
13	7	11	18	16	16	162
14	5	7	10	12	16	176
AA	11	20	26	42	35	415
BB	12	13	20	26	34	325

Table 17 and Figure 15 both show the distribution of teachers across the salary schedule as of October 1, 2024, with the table providing exact counts and the heat map visually highlighting areas of concentration. In Figure 15, darker shading highlights the areas with the highest concentrations of teachers. The compression adjustment was successful in redistributing teachers across the salary schedule. The visualization shows a strong clustering at the bachelor's degree entry levels, in Steps 4, 5, and 6 of Class II where more than 1,600 teachers are located. The entry point for master's degree teachers also show a strong clustering, in Step 5 through 8 of Class III where around 1,900 teachers are placed. In contrast, the middle of the schedule, Steps 7 through 10, reflects smaller concentrations, suggesting that teachers are less likely to remain in these mid-career steps. At the other end of the schedule, a second major cluster appears in Class VII, Step BB, which alone includes more than 2,100 teachers and represents the single largest cell on the schedule. Together, these patterns indicate that the workforce is concentrated at the degree-based entry points and at the terminal

step of the schedule, with fewer teachers concentrated in the mid-range of the schedule.

Table 17: Number of Teachers in Each Cell of the Salary Schedule as of October 1, 2024

	Class					
Step	**II**	**III**	**IV**	**V**	**VI**	**VII**
4	550	148	5		1	
5	506	307	3			4
6	557	646	107	31	6	11
7	340	581	165	64	28	45
8	122	365	272	123	43	101
9	69	195	236	158	96	161
10	29	149	215	193	141	255
11	17	59	106	144	96	281
12	12	54	93	126	88	270
13	10	42	78	108	87	329
14	4	49	82	86	74	382
AA	8	39	45	78	73	400
BB	22	67	131	195	195	2192

Figure 15: Distribution of Teachers Across Steps and Classes of the Salary Schedule

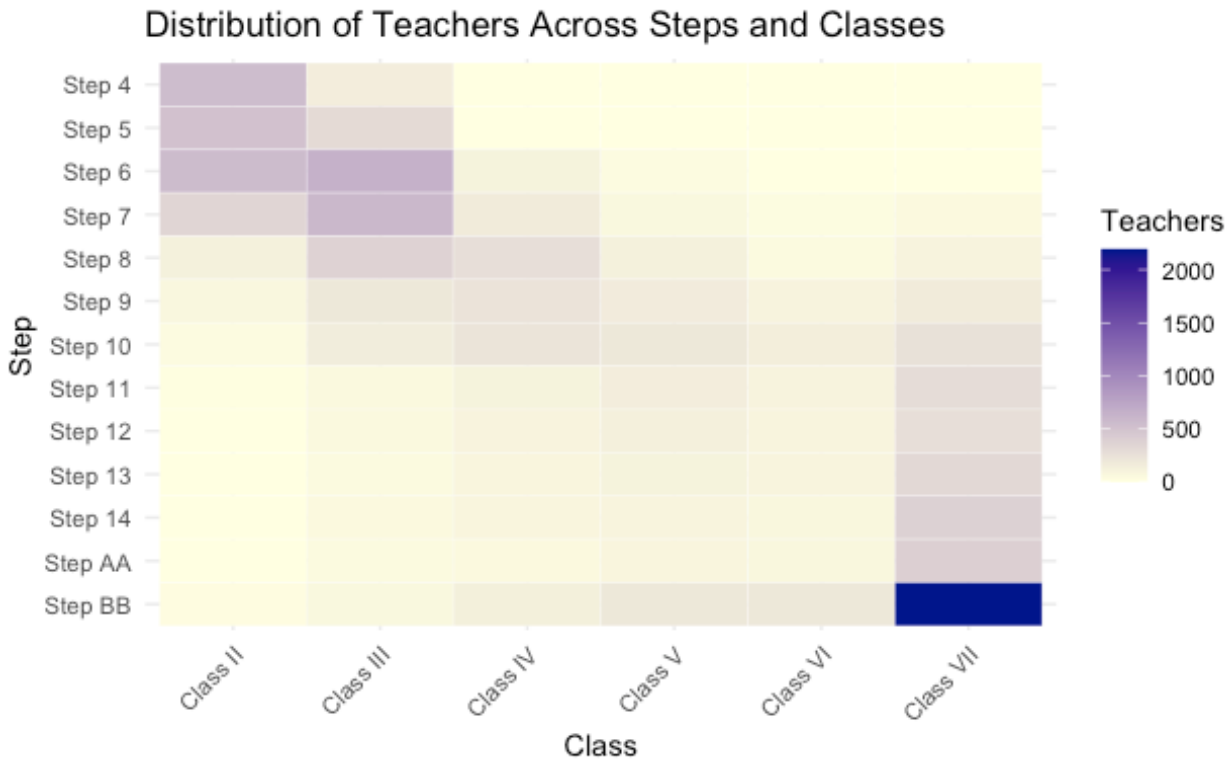


Table 18 and Table 19 present the average years of teaching experience associated with each step and class of the salary schedule, using two related measures: Recognized Teacher Years and Total Teacher Years.

- **Recognized Teacher Years** include all DOE teaching years plus up to six years of non-DOE experience, the maximum credited for placement on the schedule. This measure is designed to more accurately reflect where teachers should be positioned on the salary schedule relative to their credited experience.
- **Total Teacher Years** include both DOE service and all non-DOE teaching experience, regardless of the maximum applied for placement. This measure reflects teachers' complete professional experience.

Other DOE Years of Service are not included in either of these measures.

At the lower steps, both measures report averages that align with expectations for early-career teachers. For example, Step 7 in Class II averages six years of recognized experience and only one year higher when total experience is counted. By Step 10, averages rise to approximately 12–13 years under recognized experience and 13–14 years when total experience is considered. At the terminal step (BB), averages converge again, with nearly 29 years reported under both measures. The comparison across tables highlights two key findings. First, averages are consistently higher under the total years measure, reflecting additional non-DOE service beyond the six-year maximum recognized for placement. Second, average recognized experience increases by about two years for every step on the schedule until the final step (BB). This aligns with a planned step movement every other year. This consistency also provides further evidence that on average the compression adjustment moved teachers to the appropriate step that corresponds with their years of recognized experience.

Table 18: Average Years of Experience for Recognized DOE Teacher Years in Each Cell of the Salary Schedule

	Class						
Step	II	III	IV	V	VI	VII	Avg
4	1.5	2.0	5.1		7.0		**1.7**
5	1.6	1.7	2.0			1.5	**1.6**
6	3.6	3.8	3.8	4.2	4.5	3.8	**3.7**
7	6.0	6.6	5.9	6.0	6.0	6.7	**6.3**
8	7.9	8.4	8.0	7.9	7.9	8.3	**8.1**
9	10.1	10.1	10.1	9.9	10.0	9.8	**10.0**
10	12.5	12.5	12.8	12.6	12.4	12.6	**12.6**
11	14.0	13.5	13.8	13.9	13.9	14.0	**13.9**
12	17.3	16.8	16.3	16.5	16.8	16.7	**16.6**
13	18.6	17.9	18.2	18.0	18.1	18.4	**18.2**

Class							
Step	II	III	IV	V	VI	VII	Avg
14	20.3	19.9	19.9	20.3	19.9	20.0	**20.0**
AA	22.4	21.8	21.5	22.1	21.9	22.1	**22.0**
BB	28.5	28.8	28.1	29.0	28.3	29.5	**29.3**
Avg	**4.1**	**7.5**	**12.6**	**15.8**	**17.5**	**22.9**	**14.2**

Table 19: Average Years of Experience for Total Teacher Years in Each Cell of the Salary Schedule

Class							
Step	**II**	**III**	**IV**	**V**	**VI**	**VII**	**Avg**
4	1.5	2.1	5.1		7.0		**1.7**
5	1.6	2.0	2.0			1.5	**1.7**
6	3.6	3.8	3.8	4.2	4.5	3.8	**3.7**
7	7.1	8.3	5.9	6.0	6.0	7.2	**7.4**
8	8.7	9.7	8.2	8.2	7.9	8.8	**8.8**
9	11.7	11.5	10.7	10.2	10.2	9.9	**10.7**
10	13.4	15.2	13.8	13.4	12.6	13.2	**13.6**
11	15.1	13.6	14.1	14.3	14.1	14.1	**14.1**
12	18.3	17.3	16.8	16.8	17.3	17.2	**17.1**
13	19.8	18.5	18.8	18.1	18.2	18.4	**18.4**
14	20.3	19.9	20.2	20.5	20.0	20.0	**20.1**
AA	22.4	21.9	21.5	22.3	22.0	22.2	**22.1**
BB	28.5	28.8	28.1	29.0	28.3	29.5	**29.3**
Avg	**4.4**	**8.3**	**13.0**	**16.1**	**17.6**	**23.0**	**14.6**

Tables 20 and 21 show the minimum and maximum years of teaching experience in each cell of the salary schedule, using two related measures: Recognized Teacher Years and Total Teacher Years.

- **Recognized Teacher Years** represent DOE teaching years plus up to six years of non-DOE teaching experience, the maximum credited for placement.
- **Total Teacher Years** include DOE teaching years plus all non-DOE teaching experience, without limitation.

Other DOE Years of Service are not included in either of these measures.

At the lower steps, ranges are narrow, reflecting early entry into the system. For example, Step 5 in Class II spans from 1 to 7 years under recognized experience and up to 13 years under total experience. By contrast, higher steps show broad ranges,

with Step 10 spanning 3 to 19 years under recognized experience and 3 to 50 years under total experience.

The widest spreads appear at the top of the schedule. For instance, Step BB ranges from 5 to 62 years in both recognized and total measures, capturing both teachers who reached the terminal step relatively quickly and those who remained there for decades.

Taken together, the data highlight two important dynamics:

1. Early steps behave as expected, with narrow ranges that capture beginning teachers.
2. Later steps show significant variation, grouping teachers with very different levels of teaching experience into the same step.

This widening spread reflects structural compression in the schedule, where step placement is not a strict measure of years of recognized or total teaching experience. Under the compression adjustments, out-of-system experience that was recognized as part of initial placement on the salary schedule did not factor into determining placement for the adjustments. The differences between recognized and total years underscore the impact of non-DOE experience, which can expand the range but does not change the underlying compression pattern.

Table 20: Minimum and Maximum Years of Experience for Recognized DOE Teacher Years in Each Cell of the Salary Schedule

Class														
	II		III		IV		V		VI		VII		All Classes	
Step	**Min**	**Max**	**Min**	**Max**	**Min**	**Max**	**Min**	**Max**	**Min**	**Max**	**Min**	**Max**	**Min**	**Max**
4	0.8	7	0.4	9	2.5	10			7	7			0	10
5	0.8	7	0.3	7	2	2					1	2	0	7
6	1	7	1	8	1	7	3	6	4	6	2	6	1	8
7	2	11	1	12	3	10	1	8	5	9	4	10	1	12
8	1	12	3	12	3	12	6	12	4	10	6	12	1	12
9	4	14	5	14	2	14	4	14	8	14	6	15	2	15
10	3	18	2	18	3	18	7	19	7	18	3	18	2	19
11	10	20	4	19	8	19	4	20	9	19	3	21	3	21
12	15	23	6	23	8	23	5	26	5	23	5	26	5	26
13	17	25	11	24	6	25	14	24	13	25	13	30	6	30
14	19	21	14	27	17	26	19	27	6	26	5	30	5	30
AA	21	24	17	28	8	26	18	29	17	28	17	29	8	29
BB	20	43	16	45	5	58	20	52	23	48	8	62	5	62

Table 21:Minimum and Maximum Years of Experience for Total Teacher Years in Each Cell of the Salary Schedule

Class														
	II		III		IV		V		VI		VII		All Classes	
Step	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
4	0.8	11	0.4	29	2.5	10			7	7			0	29
5	0.8	13	0.3	32	2	2					1	2	0	32
6	1	7	1	11	1	7	3	6	4	6	2	6	1	11
7	2	32	1	33	3	10	1	8	5	9	4	15	1	33
8	1	32	3	34	3	24	6	27	4	10	6	30	1	34
9	4	37	5	30	2	33	4	23	8	24	6	26	2	37
10	3	34	2	48	3	37	7	50	7	22	3	31	2	50
11	10	27	4	22	8	26	4	45	9	29	3	26	3	45
12	15	29	6	27	8	36	5	31	5	30	5	37	5	37
13	17	30	11	40	6	49	14	27	13	29	13	30	6	49
14	19	21	14	28	17	34	19	40	6	29	5	30	5	40
AA	21	24	17	33	8	26	18	36	17	29	17	39	8	39
BB	20	43	16	45	5	58	20	52	23	48	8	62	5	62

ANALYSIS OF TOTAL REWARD OFFERINGS

Experience Management Institute

Analysis of Total Rewards Offerings

Overview of Offerings

The Hawai‘i Department of Education’s total rewards package extends beyond base salary to encompass a wide range of benefits, professional development pathways, and work-life supports. Core components include:

- Compensation Structure: Teachers are placed on a salary schedule that provides advancement through step increases and class movement based on educational attainment. In addition, shortage differentials are offered for certain roles such as special education, Hawaiian immersion, and career and technical education. Teachers may also receive supplemental pay for additional duties, including coaching, advising, or mentoring.
- Health and Retirement Benefits: Employees have access to comprehensive health coverage, including medical, dental, vision, and prescription plans. The state provides contributions toward these benefits, though dependent coverage is often cited as costly. Retirement options include the Employees’ Retirement System (ERS) defined benefit pension and voluntary retirement savings through the Island Savings Program and tax-sheltered annuities.
- Leave Policies: Teachers benefit from annual sick leave, paid personal and professional leave, sabbatical opportunities, and a leave-sharing bank that allows colleagues to support one another during extended absences. These provisions are viewed as important supports for managing personal and professional responsibilities.
- Professional Growth and Development: Advancement opportunities include reclassification into higher pay classes based on advanced education credits or professional development coursework. Additional incentives, such as stipends for National Board Certification, are intended to encourage ongoing learning and professional recognition.
- Work Environment Supports: The total rewards framework also includes supports like relocation reimbursements, limited housing assistance programs in select regions, and employee assistance services. Although these are not universally available, they reflect recognition of the challenges associated with Hawai‘i’s cost of living and teacher workload.

Together, these offerings represent the department’s effort to provide a holistic package designed to attract, retain, and support a qualified teaching workforce.

Findings and Key Themes

A review of teacher, administrator, and leadership perspectives reveals several recurring themes that shape perceptions of the total rewards package beyond salary compression and shortage differentials.

Housing and Cost of Living

The high cost of housing emerged as one of the most significant challenges influencing teacher recruitment and retention. Teachers consistently described difficulty affording housing on their salaries, with many reporting the need to hold second jobs or rely on extended family. Administrators echoed this concern, emphasizing that the cost of living in Hawai‘i places the DOE at a disadvantage compared to both mainland school systems and other local employers.

Housing Support Programs and Stipends

While the DOE operates teacher housing programs in select rural areas, teachers expressed a clear preference for flexible stipends or allowances that would allow them to secure housing in the communities of their choice. The restriction of living where one works was viewed as a disincentive. Some educators proposed a model similar to the military’s Basic Allowance for Housing (BAH), which provides location-based housing stipends that reflect local market conditions. They viewed this approach as more equitable and scalable, especially in high-cost areas where teacher salaries may not keep pace with rising home and rental prices. Both teachers and leaders recognized that structured financial support for housing, rather than limited program availability, would have a broader and more equitable impact on the workforce.

Pay Adequacy in the Broader Rewards Context

Compensation dissatisfaction extends beyond compression concerns. Fewer than one in five teachers expressed satisfaction with their current pay, and only a very small share indicated that salaries are sufficient relative to Hawai‘i’s cost of living. Administrators reinforced this view, believing teacher pay is neither competitive with other states nor with non-education careers requiring a bachelor’s degree. Leaders confirmed that compensation is consistently the top concern heard from educators, with many emphasizing that salaries are not keeping pace with the growing demands of the role.

Leave and Time Off

Teachers reported high satisfaction with sick leave, paid professional leave, and the leave-sharing bank, with more than four in five indicating these benefits are valuable. Administrators also highlighted annual vacation days and accrual policies as important for retention, particularly for 12-month employees. While teachers did not emphasize vacation time as strongly—given the built-in breaks in the school calendar—there was

broad recognition that paid leave policies and summers off for 10-month employees contribute to job satisfaction and retention.

Professional Development and Reclassification

Opportunities for advancement through coursework and reclassification remain important but are often seen as burdensome. Many teachers found the requirements for advancement costly, the required documentation unclear, and timelines for approval inconsistent. Administrators observed similar challenges, highlighting that bureaucratic hurdles diminish the effectiveness of reclassification as a career development tool. Leaders also raised concerns about system inefficiencies in documenting and crediting coursework, noting that this creates additional frustration and undermines the intended purpose of professional learning. Both teachers and school leaders identified the long delay—often six months or more—in receiving reimbursement for approved expenses as a barrier.

Workload and Expanding Responsibilities

A consistent theme across teachers and leaders was the steady increase in job expectations without corresponding changes in compensation or support. Teachers reported that responsibilities now extend well beyond academic instruction to include social-emotional supports, mandated trainings, and compliance requirements. Leadership interviews reinforced this theme, noting that the accumulation of new duties—such as sexual violence prevention instruction or expanded IEP responsibilities—has intensified perceptions that pay is inadequate relative to the demands of the role.

Recognition and Professional Respect

Across stakeholder groups, there was a call for more systematic ways to recognize and reward teachers who go above and beyond. Teachers frequently expressed that they do not feel valued as professionals, while leadership noted the absence of formal mechanisms to celebrate excellence outside of limited programs like Teacher of the Year. Both groups emphasized that recognition should be more consistent, transparent, and tied to meaningful incentives.

Communication and Transparency

A recurring theme across compensation, benefits, and professional growth was a lack of consistent and transparent communication. Teachers reported uncertainty about compensation policies and benefit structures, and administrators were evenly divided on whether the step system is effectively explained. Leadership interviews echoed this, pointing to gaps in communication from the central office to schools and

> "I feel that things change so frequently and explanations and handbooks are so difficult to understand. Everyone has a different idea of what is true."
>
> Teacher Focus Group Participant

the absence of a clear point of contact for HR-related questions. Teachers frequently shared that they rely more on the Hawai‘i State Teachers Association (HSTA) than on the Department for information about compensation and benefits. Several also noted that the limited time during the workday inhibits their ability to seek clarification. These challenges contribute to mistrust and reduce the motivational impact of the rewards being offered.

RECOMMENDATIONS

Recommendations

Overall Recommendations

Establish a Clear Compensation Philosophy for Educators

To ensure fairness, transparency, and long-term sustainability, the Hawai‘i Department of Education should adopt a formal compensation philosophy that serves as a strategic foundation for educator pay practices. A compensation philosophy articulates the organization’s values and priorities regarding how employees are paid, helping guide both day-to-day decisions and long-term policy development.

While a compensation philosophy already exists for HIDOE Superintendent of Education and Subordinate Superintendents (Policy 500-28), there is currently no equivalent, shared framework guiding teacher pay. Developing an educator-specific philosophy through a collaborative process would help align compensation practices with broader workforce goals.

A strong compensation philosophy should clearly define the following components:

- **Transparency**: The philosophy should establish how openly HIDOE will share information about compensation structures, decisions, and rationale. Transparency builds trust and enables clearer communication with educators and the public.
- **Market Competitiveness**: The philosophy should define which labor markets Hawai‘i is targeting for comparison and how closely HIDOE intends to match, lead, or lag those markets. The current study identifies four meaningful benchmark groups that can inform this decision.
- **Internal Alignment and Equity**: The framework should promote consistent pay practices that recognize tenure, contribution, and qualifications, while also addressing issues like compression and career advancement.
- **Annual Adjustment Practices**: The philosophy should specify how annual salary increases, step movements, or market adjustments are determined and communicated, so that expectations are predictable and consistent across years.
- **Governance and Process Control**: Clearly defining roles and responsibilities for compensation decision-making—such as the role of collective bargaining, Department leadership, or legislative appropriations—will enhance procedural clarity and reduce confusion.

A clearly articulated compensation philosophy sends a strong signal of organizational alignment, reduces ambiguity, and ensures that changes to compensation systems are grounded in shared values and strategic intent. By aligning this philosophy with HIDOE’s compensation framework for other positions, the state can promote coherence

across roles while addressing the unique expectations and dynamics of the educator workforce.

Align policies, processes, and structures to your compensation philosophy

Once a clear compensation philosophy is in place, it is essential to align all related policies, procedures, and systems to that guiding framework. A compensation philosophy provides direction, but alignment ensures that day-to-day practices reflect that direction consistently and credibly.

Misalignment between philosophy and practice can create confusion, erode trust, and limit the effectiveness of compensation as a strategic workforce tool. For example, if an organization's philosophy emphasizes predictability and transparency, but pay decisions are inconsistent or poorly communicated, the system may fall short of its intended goals.

Aligning compensation system components involves several key actions:

- **Audit Current Structures**: Review existing pay schedules, placement policies, differentials, and incentive programs to assess whether they support the values outlined in the compensation philosophy. Identify gaps and legacy practices that may need updating.
- **Clarify Step and Movement Rules**: If predictability is a core value, clearly define and consistently apply step movement rules and eligibility requirements for reclassification. Ensure these policies are understood by both educators and administrators.
- **Document and Standardize Processes**: Ensure that processes such as initial salary placement, lane advancement, and annual adjustments are codified, transparent, and consistently applied. This minimizes the risk of perceived inequities and increases administrative efficiency.
- **Review Incentive and Supplement Programs**: Align any stipends, differentials, or bonus programs with broader workforce goals and ensure they are administered fairly and transparently. Where possible, use data to assess effectiveness in supporting recruitment and retention.
- **Establish Oversight and Accountability**: Define roles and responsibilities for compensation-related decisions. Whether through HR, school leadership, or joint labor-management committees, ensure that governance structures reinforce the philosophy and help guide consistent implementation.

By intentionally aligning compensation practices with an overarching philosophy, HIDOE can build a more coherent, equitable, and strategic compensation system that supports both organizational priorities and educator expectations.

Improve Communication and Transparency

Effective communication helps ensure that educators understand and trust the systems that govern their compensation, benefits, and professional advancement. Findings from teacher and administrator feedback consistently pointed to confusion, inconsistent messaging, and limited access to reliable information about compensation policies and procedures. When communication is unclear or fragmented, it diminishes the perceived fairness and value of the total rewards package even when offerings are competitive. To build trust and increase the impact of existing investments, HIDOE should prioritize a comprehensive communication strategy that makes information accessible, consistent, and actionable.

- **Establish a Centralized Support System**
  Create a dedicated HR help desk or regional points of contact where educators and administrators can receive timely, accurate information on pay, benefits, leave, and reclassification policies. This will help reduce confusion and ensure consistent interpretation across schools and complexes.
- **Develop a Total Rewards Portal**
  Build an online hub where educators can access all compensation-related information in one place. The portal should include details on salary schedules, leave policies, differentials, benefits, professional development opportunities, and step/lane movement requirements.
- **Offer Regular Information Sessions**
  Provide structured, recurring education sessions for both new hires and current employees focused on understanding compensation, benefits, housing support, and professional growth opportunities. These sessions can be offered virtually and on-demand to accommodate teacher schedules.
- **Train Administrators on Policy Implementation**
  Equip principals and school-level leaders with standardized training and materials to help them accurately explain compensation-related topics to staff. This ensures alignment in messaging and reduces the risk of miscommunication at the school level.

By improving communication systems and proactively sharing information, HIDOE can increase educator confidence in its policies, improve access to available supports, and reduce administrative burdens across the organization.

Create a Multi-Year Compensation Strategy Roadmap

Compensation reform cannot be resolved in a single fiscal cycle. Issues such as compression, market misalignment, and structural redesign require sustained investment, legislative support, and stakeholder alignment. Teachers and leaders alike emphasized the need for predictability and clarity about what comes next.

Develop a 3–5-year strategic roadmap that outlines clear phases for compensation modernization. This roadmap should include:

- Annual milestones for structural updates, funding proposals, or policy shifts
- A plan for regular communication and check-ins with stakeholders
- Budget forecasts tied to compensation priorities (e.g., cost of market alignment, schedule modernization)
- Integration with workforce planning and educator pipeline strategies

A transparent, forward-looking plan builds confidence and helps both internal and external stakeholders support long-term reforms.

Strengthen Data and HRIS Infrastructure to Support Compensation Analytics

Effective compensation strategy depends on accurate, timely, and accessible data. Throughout the study, participants noted delays in reimbursements, unclear step placement histories, and confusion about who to contact. These pain points often stem from limitations in HR systems and data integration.

Invest in upgrading or integrating HRIS (Human Resources Information Systems) to:

- Track and audit service credit, reclassification status, and credentialing
- Automate rule-based pay decisions and reduce manual errors
- Generate real-time analytics on compensation trends, pay equity, and differentials
- Provide employee self-service portals for transparency
- Enable paperless processing of forms, documentation submission, etc.
- Create an electronic documentation repository

This would enable HIDOE to manage compensation with greater precision and responsiveness.

Salary Structure Recommendations

Enhance Communication and Transparency

Many teachers lack clarity on how step and class movement works, or why Hawai‘i’s system differs from other states. Without transparency, misperceptions grow into distrust. A clear compensation manual provides the foundation for consistent messaging.

- Create a Compensation Manual outlining placement rules, step/class movement, and incentive opportunities, using plain language.
- Launch a communication campaign (FAQs, town halls, web portal) to educate teachers and leaders on both the mechanics (“what”) and the rationale (“why”).

Consider Automatic Step Increases

Automatic annual step progression is the norm across most states and is strongly linked to teacher expectations of fairness. Hawai‘i’s negotiated step movement creates

confusion and unpredictability. A shift to automatic steps would reinforce trust and potentially improve attrition.

- Work with union partners and the Department of Human Resources Development (DHRD) to discuss incorporating automatic step increases into the collective bargaining agreement.
- Model the financial impact of automatic step progression at defined intervals (e.g., every two years) under multiple scenarios (enrollment, state revenue, COLA trends) to ensure sustainability.
- Update internal payroll and HR systems to align with step advancement policies and automate the advancement of eligible teachers each year, minimizing administrative burden.

Align Structure and Policies with Compensation Philosophy

Placement and advancement policies should reflect HIDOE's philosophy and broader workforce strategy. Varied experiences among out-of-system, charter, and industry experience undermine perceptions of fairness.

- Review current placement rules and credit policies for out-of-system, military, charter, and relevant industry experience.
- Consider longevity incentives for teachers at the top of the scale (e.g., annual stipends, recognition bonuses, or professional growth awards) as an alternative to adding steps.
- Establish a formal placement review and appeals process with clear timelines, documentation requirements, and oversight to resolve errors or inconsistencies.

Address Teacher Concerns About Past Pay Freezes

Frozen step movements have created long-standing frustration, with some teachers advocating for retroactive back pay. While fiscal realities may prevent full repayment, leadership can strengthen trust through acknowledgment and meaningful gestures of recognition.

- Publicly acknowledge the history and impact of step freezes, ensuring teachers feel heard and respected.
- Develop a forward-looking commitment to protect against future freezes (e.g., guaranteed step progression language in CBAs) to prevent recurrence.

Market Study Recommendations

Formal Market Review Cycle

Regularly updating market studies is critical to ensuring that teacher salaries align with the organization's compensation philosophy, are equitable, and aligned with evolving labor market conditions. Compensation that lags behind peer districts risks undermining

recruitment and retention, particularly in a unique environment like Hawai‘i. Periodic reviews also provide decision-makers with objective data to guide negotiations, maintain pay equity across regions, and adapt to inflationary or structural changes in the workforce. In short, timely benchmarking protects both organizational sustainability and the teacher psychological contract of fairness and predictability.

- Develop a cadence of conducting a comprehensive market study every 2–3 years, supplemented by annual pulse checks to capture emerging trends in teacher supply, demand, and inflationary pressures.
- Benchmark salaries against national peers to ensure teacher pay reflects both external education markets and local cost-of-labor realities across Hawai‘i. This approach helps address both recruitment of out-of-state talent and retention of in-state teachers.

Evaluate the Addition of Class VIII

The creation of Class VIII provides a mechanism to relieve salary compression at the top of the schedule and incentivize professional growth. However, its impact should be systematically evaluated to determine whether it effectively closes gaps against the market midpoint and maximum salaries. Over time, additional structural modifications may be required to ensure late-career teachers remain competitive and adequately rewarded.

- Conduct an impact analysis within 12–18 months of implementation and repeat every bargaining cycle. This ensures early detection of unintended consequences such as persistent compression, inequities in advancement, or limited incentive effectiveness.

Reinforce Alignment with Compensation Strategy

Market data should inform but not dictate compensation decisions. Pay positioning must align with HIDOE’s broader strategy for attracting and retaining teachers and compensation philosophy. For example, if the district seeks to lead the market in hard-to-fill specialties or underserved regions, targeted pay differentials or stipends may be an option. Aligning pay with workforce strategy helps ensure investments drive desired outcomes such as retention and equitable distribution of talent.

- Revisit alignment with strategy during each strategic planning cycle (typically every 3–5 years), ensuring compensation priorities are integrated into workforce planning, recruitment, and retention goals.

Address Geographic Cost-of-Labor Variances

Hawai‘i’s diverse labor market conditions across islands necessitate periodic review of pay equity. By analyzing geographic cost-of-labor data, HIDOE can determine whether differentiated pay (e.g., regional stipends, housing allowances, or location-based

adjustments) is warranted. This helps ensure equitable compensation while maintaining consistency in the overall pay structure.

- Review cost-of-labor data at least every 3 years, in line with market studies, and more frequently (every 1–2 years) if inflationary pressures or housing costs rise disproportionately across regions.

Shortage Differential Recommendations

Findings from teachers, administrators, and leaders underscore both the value and limitations of current differential pay policies. While most educators view differentials as helpful, many question whether the amounts are sufficient and whether the criteria used to determine eligibility reflect on-the-ground realities.

To strengthen impact, differentials must be regularly reviewed, clearly communicated, and integrated with broader support systems for high-need roles.

Increase Clarity and Transparency

Educators expressed confusion about who qualifies for differentials and why. Strengthening communication and documentation can build trust and understanding.

- Publish clear, accessible eligibility guidelines each year, including examples of qualifying roles and locations.
- Communicate the rationale for how positions and geographic areas are identified.
- Send annual notices to teachers and principals confirming qualification status, amounts, and duration.
- Ensure union representatives and school leaders are trained to reinforce accurate, consistent messaging.

Address Perceived Inequities and Implementation Gaps

Teachers highlighted cases where their duties mirrored those of peers receiving differentials but were excluded due to technical job titles or inconsistent application. This undermines morale and trust in the system.

- Re-evaluate eligibility criteria to ensure alignment with actual job responsibilities, not just position titles.
- Establish a formal appeals or review process for differential eligibility to address edge cases and promote fairness.
- Consider peer review or advisory panels to help evaluate complex eligibility questions.

Review and Recalibrate Differential Amounts

The size of the differential matters. Educators noted that some amounts are too small to influence retention or recruitment decisions, especially in high-cost areas.

- Regularly assess whether differential amounts are achieving intended workforce outcomes.
- Adjust values or reallocate funds when differentials are not effectively improving staffing in priority roles or regions.
- Consider cost-of-labor variation within the state to better align differential amounts with local housing and labor market conditions.
- Conduct regular analyses to determine whether differential amounts are incentivizing recruitment and retention in shortage areas. Adjust amounts or reallocate funds if differentials are not having the desired impact.

Update Shortage Area Criteria

Turnover and vacancy rates often vary within regions, and some high-need schools may not be captured by current criteria. Ensuring differentials are targeted to the right places requires more nuanced analysis.

- Establish a formal review cycle (e.g., biennial) to evaluate hard-to-staff roles and regions.
- Revisit the criteria used to identify shortage areas, recognizing that turnover can vary widely within complex areas. Furthermore, other factors that are not currently used to identify hard-to-staff locations, such as varying cost of labor rates and housing costs within Hawai‘i, may be important to consider.
- Continue using multi-year trends in staffing data to avoid short-term fluctuations skewing eligibility.
- Involve a stakeholder advisory group (e.g., educators, union leaders, and administrators) to review shortage designations and recommend adjustments.

Manage Transitions with Care and Sensitivity

While adjusting differential eligibility or amounts it is necessary to ensure equity and effectiveness, as it has real implications for educators who have come to rely on this additional income. For many teachers, differentials represent not only recognition of difficult roles but also a meaningful part of their household finances.

- Any policy changes should be implemented with advanced notice, transparent communication, and clear transition plans to minimize disruption and anxiety.
- Consider grandfathering provisions or phased adjustments that allow current recipients to continue receiving support for a defined period while new criteria are applied prospectively.
- Engage educators early in the process to explain the rationale, hear concerns, and co-design solutions that reflect both fiscal responsibility and human impact.
- Frame transitions around broader system goals—such as equity, effectiveness, and sustainability—while reinforcing the value and appreciation for those currently in hard-to-staff roles.

Address Root Causes of Turnover and Vacancies:

Differentials alone cannot solve the root causes of teacher turnover. Educators stressed that working conditions—such as large caseloads, multiple preps, and limited planning time—also drive burnout.

- Evaluate program effectiveness holistically, not just through vacancy data but also through educator feedback and retention outcomes.
- Use differential pay as one part of a broader strategy that addresses workload, equity, and respect for educators in the most demanding roles. Pair differential pay with non-monetary investments such as mentoring, collaborative planning, or reduced student loads.

See the Total Rewards recommendations for additional strategies.

Total Rewards Recommendations

A comprehensive total rewards strategy goes beyond salary to include leave, housing support, professional development, recognition, and working conditions. While HIDOE's total rewards package includes valued components, systemic barriers undermine its overall effectiveness. The following recommendations aim to strengthen the total rewards offering in ways that are equitable, strategic, and responsive to the needs of Hawai‘i's educator workforce.

Review and Modernize Paid Time Off Policies

Ensure time-off policies are competitive, clearly communicated, and supportive of educator well-being.

- Evaluate current leave structures to ensure they remain competitive and responsive to educator needs.
- Explore the feasibility of paid parental leave or a more flexible PTO model that consolidates sick and personal leave into a single, banked allotment.
- Establish clearer, more consistent application of leave policies across schools to reduce inequities and ensure teachers can confidently use the benefits available to them.

Enhance Housing Supports to Address Cost of Living

Recognizing that the high cost of housing is one of the most significant barriers to recruitment and retention, HIDOE should pursue a dual strategy that blends targeted investments with broader support.

- Expand HIDOE-provided housing in rural and remote areas where state-owned housing is most viable and impactful.
- Explore the creation of flexible housing stipends or location-based allowances, similar to the military's Basic Allowance for Housing (BAH), to support teachers in

securing housing near their schools without requiring residency in program-managed units.

Provide Targeted Support for Workload Demands

Acknowledge and address the expanding scope of teacher responsibilities by aligning workload expectations with time and support.

- Conduct a statewide workload study to assess the impact of non-instructional duties and compliance requirements.
- Use findings to inform the design of planning time increases, release time allocations, and targeted supports for educators in high-demand roles (e.g., special education, ELL, IEP coordination).

Streamline Professional Development and Reclassification

Improve systems that support educator advancement through clearer processes, timely reimbursements, and accessible opportunities.

- Simplify and digitize the reclassification application and documentation process.
- Decrease the timeline to reimburse professional development-related expenses.
- Partner with higher education institutions or other entities to expand access to affordable coursework that qualifies for reclassification.
- Increase communication and transparency about what qualifies for credit, and provide an accessible point of contact in HR.

Build Systems of Recognition and Respect

Teachers consistently expressed a desire for greater recognition and a sense that their contributions are valued beyond pay.

- Expand recognition programs to formally reward teachers who go above and beyond, moving beyond one-off celebrations or discretionary awards.
- Develop transparent statewide or complex-level recognition structures with agreed-upon criteria that highlight excellence and promote equity in how teachers are acknowledged.

HIDOE could pursue a variety of opportunities to build a more balanced and effective total rewards policy. These steps would complement ongoing efforts to modernize teacher pay and support long-term recruitment and retention.

REFERENCES

References

AdoptAClassroom.org. (2025). 2025 teacher survey: Spending stats & classroom needs. Retrieved from https://www.adoptaclassroom.org/2025/06/09/2025-teacher-survey-spending-stats-classroom-needs/

Gallup. (2025, April 28). Two-thirds of K-12 teachers satisfied with their workplace. Gallup News. Retrieved from https://news.gallup.com/poll/659567/two-thirds-teachers-satisfied-workplace.aspx

Hansen, M., & Quintero, D. (2017, September 17). *Scrutinizing equal pay for equal work among teachers*. Brookings Institution. https://www.brookings.edu/research/scrutinizing-equal-pay-for-equal-work-among-teachers

Hawai‘i State Department of Education. (2020). Teacher Salary Modernization Project. https://www.hawaiipublicschools.org/DOE%20Forms/OTM/Teacher%20Salary%20Modernization%20Project.pdf

Hawai‘i State Teacher Association (HSTA). (2022, November 10). *Frequently asked questions about salary compression.* https://www.hsta.org/news/recent-stories/frequently-asked-questions-about-salary-compression-potential-teacher-pay-changes/

Learning Policy Institute. (2025, July 16). An overview of teacher shortages: 2025 [Fact sheet]. Retrieved from https://learningpolicyinstitute.org/product/overview-teacher-shortages-2025-factsheet

National Education Association. (2025). The state of teacher pay. NEA Today. Retrieved from https://www.nea.org/nea-today/all-news-articles/state-teacher-pay

Pew Research Center. (2024, April 4). Job satisfaction among public K-12 teachers. Social Trends. Retrieved from https://www.pewresearch.org/social-trends/2024/04/04/teachers-job-satisfaction/

Rousseau, D. M. (1990). New hire perceptions of their own and their employer's obligations: A study of psychological contracts. *Journal of Organizational Behavior, 11*(5), 389-400.

Rousseau, D. M. (1995). *Psychological contracts in organizations: Understanding written and unwritten agreements*. SAGE Publications.

Steiner, E. D., Levine, P. R., Doan, S., & Woo, A. (2025). State of the American teacher survey: Teacher well-being, pay, and intentions to leave in 2025 (RR-A1108-16).

RAND Corporation. Retrieved from https://www.rand.org/pubs/research_reports/RRA1108-16.html

Senate Bill No. 2820. (2022). https://www.capitol.hawaii.gov/sessions/session2022/bills/SB2820_HD1_.HTM

Tentative Agreement Between the Hawai‘i State Teachers Association, State of Hawai‘i and Board of Education, April 14, 2023. Retrieved from: https://www.hsta.org/wp-content/uploads/2023/04/HSTA-2023-2027-Member-Settlement-Summary.pdf.

Theobald, R., Xu, Z., Gilmour, A., Lachlan-Hache, L., Bettini, L., & Jones, N. (2023). *The Impact of a $10,000 Bonus on Special Education Teacher Shortages in Hawai‘i. Working Paper No. 290-0823*. National Center for Analysis of Longitudinal Data in Education Research (CALDER).

Walton Family Foundation & Gallup. (2025). Teaching for tomorrow: A collaboration report. Walton Family Foundation.

Appendix A: Key Terms

- **Base Salary:**
  The fixed, regular earnings paid to an employee, excluding bonuses or differentials.
- **Benchmark Job:**
  A commonly used position for salary comparison, used to establish internal and external equity.
- **Benchmark Organizations:**
  External employers or peer institutions selected for comparison in compensation studies due to their similarity in size, industry, geography, cost of living, or labor market dynamics. Benchmark organizations are used to assess market competitiveness by comparing salaries, benefits, and pay practices for equivalent roles.
- **Benefits:**
  Non-wage compensation provided to employees, including health insurance, retirement plans, paid time off, life insurance, and other perks. Benefits are a core component of total compensation and total rewards.
- **Bonus/Incentive Pay:**
  Additional compensation awarded for specific purposes, such as hard-to-staff subjects, schools, or performance-based criteria.
- **Collective Bargaining Agreement (CBA):**
  A legally binding contract between an employer and a recognized employee organization (e.g., union) that outlines the terms and conditions of employment for covered employees. A CBA typically includes provisions on wages, benefits, working hours, leave policies, grievance procedures, performance evaluations, layoffs, and other employment conditions.
- **Collective Bargaining Unit (CBU):**
  A group of employees represented by a union that negotiates compensation, benefits, and working conditions with the employer. In Hawai‘i, teachers fall under Bargaining Unit 5.
- **Compensation Philosophy:**
  An organization’s overarching approach and guiding principles for setting and managing employee pay. It often outlines competitiveness goals (e.g., market median), internal equity priorities, and reward strategies.
- **Compression (Salary Compression):**
  Occurs when the pay difference between employees with varying levels of experience, responsibilities, or qualifications becomes small. Typically appears

when new hires earn salaries similar to, or even higher than, those of long-serving employees in the same roles.

- **Consumer Price Index (CPI):**
  A federal measure of inflation that tracks changes in the prices paid by consumers for goods and services. Often used to guide cost-of-living adjustments (COLAs).
- **Cost-of-Living Adjustment (COLA):**
  A raise in salary meant to offset inflation or high geographic cost differences. Cost-of-Living Adjustment (COLA) is a widely used term in both public discourse and compensation policy to describe salary increases intended to keep pace with inflation. However, it is important to clarify that COLA is not a formal metric or data series published by the U.S. Bureau of Labor Statistics (BLS). Instead, organizations and policymakers typically use inflation indices produced by BLS—such as the Consumer Price Index (CPI) or Employment Cost Index (ECI)—as reference points when determining or justifying COLA increases.
- **Differential (Pay Differential):**
  Additional compensation given for specific reasons, such as work in hard-to-fill positions, special assignments, or difficult geographic areas.
- **Equity (Pay Equity or Internal Equity):**
  Ensuring that individuals performing similar work under similar conditions receive similar pay.
- **External Equity:**
  The degree to which compensation levels are competitive with the external labor market.
- **Hard-to-Staff Differential:**
  Extra pay provided to attract employees to specific roles or locations that are difficult to fill.
- **Internal Equity:**
  Compensation fairness among employees within the same organization.
- **Lane (Salary Lane / Class):**
  A horizontal row in a salary schedule that reflects education level or professional credentials.
- **Market-Based Incentives:**
  Additional pay to attract employees to roles or subjects with high external demand and limited supply.
- **Market Study:** Structured analysis that compares employee pay for specific roles with compensation offered for similar positions in other organizations.
- **Maximum (Salary Range Maximum):**
  The highest pay rate allowed within a given salary range.

- **Mean (Average):**
  The arithmetic average of a set of compensation values. Often used in compensation benchmarking.
- **Median:**
  The midpoint in a set of compensation data — 50% of salaries fall above and 50% fall below. Considered a standard reference in compensation setting.
- **Midpoint (Salary Range Midpoint):**
  The center value of a salary range, typically aligned with market rates for fully competent employees.
- **Minimum (Salary Range Minimum):**
  The lowest pay level within a designated salary range.
- **Performance-Based Compensation:**
  A system in which pay is linked to employee performance outcomes.
- **Range (Salary Range):**
  The difference between the minimum and maximum pay for a given job or level.
- **Re-gridding:**
  While "re-gridding" was used informally in the 2020 Hawai‘i Teacher Compensation Study and by local stakeholders to describe the act of adjusting teachers to a new step based on years of service, it is not a standard compensation term used in the field. In times of compensation program review, an employee's position may be “regraded” meaning that the job duties are reviewed and the positions may then be moved or “releveled”. During a pay equity review an individual's work history and individual qualifications may be reviewed and the individual paid a different rate. This review and change in pay or placement in a pay band or system is often referred to as an adjustment or placement correction.
- **Salary Schedule:**
  A grid-based framework used to determine pay based on steps and classes/lanes.
- **Salary Step:**
  A vertical increment in a salary schedule representing years of service or other defined milestones.
- **Salary Structure:**
  The comprehensive framework of pay grades, ranges, steps, and lanes within an organization.
- **Shortage Differential:**
  Additional compensation for working in roles or locations facing staffing shortages.

- **Spread (Salary Range Spread):**
  The percentage difference between a range's minimum and maximum.
  Formula: (Max – Min) ÷ Min × 100
- **Step Movement:**
  Advancement from one step to the next in a salary schedule, often tied to tenure or performance.
- **Stipend:**
  A fixed amount of supplemental compensation for added duties (e.g., mentoring, coaching, department leadership).
- **Total Compensation:**
  The full economic value of compensation provided to an employee, including salary, bonuses, and benefits.
- **Total Rewards:**
  A broader concept than total compensation, including pay, benefits, recognition, growth opportunities, and work environment.
- **U.S. Bureau of Labor Statistics (BLS):**
  The federal agency responsible for collecting and publishing data on employment, wages, inflation (CPI), and benefits. Key source for labor market benchmarking.

Thank You

We extend our deepest gratitude to the teachers, administrators, and educational leaders across Hawai‘i who contributed their time, insights, and experiences to this study. Your voices have shaped a more informed understanding of educator compensation. Thank you for your service to Hawai‘i’s students and communities.

Experience Management Institute

