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Compensation Plan FAQs

1. What is a salary range and is it part of the compensation plan?

A salary range includes the lowest and highest salaries of all returning,¹ full-time bargaining unit members, **not including** increases or ISTRF contributions for the current contract period. *Example:* The salary range is \$40,000 - \$80,000 prior to any increases for the current contract period. A clear statement of the salary range must be included in the compensation plan.

2. How many factors are there and what are they?

There are five factors on which a salary increase may be based:

- a. Number of years of experience (“experience”)
- b. Possession of an additional content area degree or credit hours beyond the requirements for employment (“education”)
- c. The results of an evaluation (“evaluation rating”)
- d. Assignment of instructional leadership roles (“instructional leadership”)
- e. Academic needs of students in the corporation (“academic needs”)

3. Do we have to use all five factors in our compensation plan?

No, but you must use at least two of the five factors.

4. Are there any restrictions on using the factors?

Yes. The combination of “experience” and “education” (including academic needs, evaluation, and instructional leadership factor increases based on teachers’ education or experience) cannot account for more than one-half (50%) of the total possible salary increase. If the compensation plan uses a salary increase to reduce the gap or includes a teacher retention catch-up increase, that particular increase is not included in the education/experience portion of the 50% cap calculation. (See the 2024 CBA Compliance Rubric for more information.) In addition, salary increases for education must be limited to additional **content area**² degrees or credit hours beyond those required for employment.

¹ “Returning” bargaining unit member means a teacher not newly hired for the current school year; a teacher who was employed by the corporation in the prior school year who has returned as full-time for the current school year.

² “Content area” means the subject matter an applicant is licensed to teach; or administrative or service function an applicant is licensed to provide. 511 IAC 10.1-1-1(9)

5. Can we create our own factors?

No. However, the parties have some flexibility in defining the factors, consistent with statutory requirements. Parties have the greatest flexibility in defining the instructional leadership and academic needs factors (see # 6 below).

6. How are the instructional leadership and academic needs factors defined?

The statute does not define either of these factors. If the parties bargain that these factors are used in the compensation plan, they also bargain the definitions. However, if the definition of either factor includes experience and/or possession of an additional content area degree or credit hours as criteria within the factor or as the manner for distributing or differentiating factor increases, it will be included in the calculation of the 50% cap unless an exception applies (see # 4 above).

7. Can a teacher rated ineffective or improvement necessary receive a salary increase?

No, except for teachers in their first two full school years of instructing students. The parties may bargain that these new teachers are eligible for an increase even if the teacher received an evaluation rating of ineffective or improvement necessary in the prior school year. If the parties bargain this exception for new teachers, it must be included in the compensation plan. NOTE: This is an exception to compensation plan eligibility criteria and does not necessarily mean that such teachers satisfy the evaluation factor, where applicable.

8. Are stipends subject to the same requirements as salary increases?

No. Stipends do not have to comply with Ind. Code § 20-28-9-1.5 (eligibility, factors, 50% cap, redistribution, etc.), although most stipends must still be bargained. All bargained stipends must be included in the CBA, and those issued to a majority of teachers should be included in the compensation plan. Stipends should be clearly identified to prevent them from being mistaken for a salary increase.

9. What is a redistribution plan, and do we need to have one in our compensation plan?

A redistribution plan describes how funds that would have otherwise gone to salary increases for teachers rated ineffective or improvement necessary will be redistributed to teachers rated effective or highly effective.

Whether or not you need a redistribution plan depends on your compensation plan and how salary increases are awarded. For example – if your compensation plan: (1) does not provide for distribution of all funds in an identified pot of money, (2) provides for advancing on a salary schedule, or (3) provides a set amount per teacher, then you will need a redistribution plan. (See the 2024 CBA Compliance Rubric for additional guidance on redistribution plans.)

10. Do we have to have a compensation plan if we are not giving any salary increases?

No. However, your CBA **must** include a salary range and a clear statement that you have bargained no salary increases for the current contract period. If a two-year CBA includes salary increases for only one of the two years in the biennium, the compensation plan should include a clear statement to that effect, specifying the school year for which there will be no

base salary increase or increment. If you bargain that there will be no increases, but include a compensation plan, no findings of noncompliance will be made regarding the suspended language.

11. What is a salary increase differential, and are they allowed?

Salary increases or increments must be based on a combination of the statutory factors. A salary increase differential occurs when teachers do not receive the same dollar amount or percentage of increase for satisfying the same factor³ or sub-factor⁴ – that is, both the dollar amount and percentage amount that one teacher receives is different than those of another teacher who satisfies the same factor or sub-factor.

To determine whether there is a salary increase differential, IEERB looks at the amount of increase for a factor. If teachers receive the same dollar amount of increase for the factor, there is no salary increase differential. If teachers receive different increase amounts for the 1, IEERB looks to whether the dollar amounts represent equivalent percentage increases. If teachers receive the same percentage increase for the factor, there is no salary increase differential. If there is a disparity in both the dollar amount and the percentage increase among teachers that satisfy the same factor or sub-factor, there is a salary increase differential. Effective July 1, 2021, salary increase differentials are permissible. Note, though, that differentiating a factor or subfactor based on education or experience will result in the corresponding increase being included in the 50% cap calculation unless a “reduce the gap” or “teacher retention catch-up” exception applies.

12. When can we include increases for teachers who possess the literacy endorsement?

The Indiana Department of Education announced that literacy endorsements will be added to teaching licenses in the fall of 2024 for those who satisfy the requirements. Parties bargaining a new one-year CBA for 2024-25 or reopening a two-year CBA for 2023-25 may consider possession of a literacy endorsement when choosing how to award base salary increases.

13. How do we include increases for teachers who possess the literacy endorsement in the compensation plan?

A salary increase based on possession of a literacy endorsement must be attributed to one of the 5 statutory factors. Because there is no statutory definition for the assignment of instructional leadership roles or academic needs factors, IEERB recommends defining either factor as possession of a teaching license with a literacy endorsement (see [Model Compensation Plan #7](#)).

³ Evaluation rating, years of experience, possession of an additional content area degree or credit hours beyond those required for employment, assignment of instructional leadership roles, and academic needs of students in the corporation. Indiana Code § 20-28-9-1.5(b).

⁴ A sub-factor is a component of the factor – for example: highly effective and effective evaluation ratings are both sub-factors of the evaluation rating factor.

14. When will IEERB review compensation plans for compliance with the requisite salary differentiation for possession of a literacy endorsement?

While IC 20-28-9-1.5(e) requires salary increase differentiation for possession of a literacy endorsement, nearly half of all bargaining parties negotiated a two-year CBA in the fall of 2023 before details of the literacy endorsement were established. Beginning with the 2025-26 school year, when all parties will bargain a new CBA, IEERB will review compensation plans for compliance with the requirement to differentiate salary increases for teachers who possess the literacy endorsement.

15. Can we still bargain a “catch-up” to bring teachers up to the new minimum salary?

Yes. Parties may bargain a “catch-up” increase using a salary increase differential. However, if the parties use a salary increase differential based on educational attainment or experience without specifically identifying it as either a salary increase to reduce the gap or a teacher retention catch up increase, the salary increase is subject to the 50% limitation (i.e., the requirement that the combination of education and experience cannot account for more than 50% of the maximum available increase). See #4 above and the 2024 CBA Compliance Rubric for additional information regarding salary increases to reduce the gap, teacher retention catch up increases, and the exemption from the 50% limitation.

16. Where can we get additional information on compensation plans?

- [Compensation Plan section in the 2024 CBA Compliance Rubric](#)
- [2024 Guide to CBA Compliance](#)
- [2024 Model Compensation Plans](#)
- [Indiana Code § 20-28-9-1.5](#)
- Compensation plans in past and current CBAs available on [Gateway](#).