

INTERNAL MONITORING REPORT

August 20, 2014

POLICY: 2.6 EMPLOYMENT, COMPENSATION AND BENEFITS
POLICY CATEGORY: OPERATING LIMITATIONS
PERIOD MONITORED: AUGUST 22, 2013 – AUGUST 20, 2014

This is my monitoring report on the Board of Education's Executive Limitation policy "Employment, Compensation and Benefits." I certify that the information contained in this report is true and complete. It is presented in August rather than June with the knowledge/approval of the Board. This report will monitor the policy starting at its more detailed provisions and end with the global provision.

A handwritten signature in cursive script that reads "Chris Gdowski".

Chris Gdowski
Superintendent

1. **POLICY PROHIBITION:** *The Superintendent shall not change his or her own compensation and benefits, except as his or her benefits are consistent with a package for all other employees.*

I interpret “*change his or her compensation and benefits, except as his or her benefits are consistent with a package for all other employees*” to mean: The Board of Education determines the annual compensation and benefits package for the Superintendent. The financial enhancements, in addition to base salary, do not exceed those received by other employees except as outlined in the Superintendent’s employment contract executed by the Board of Education.

Data Reported:

I have not initiated any changes to my base salary and/or other financial enhancements outside of those outlined in the executed contract between myself and the Board of Education. Changes to the annual contract are implemented by Human Resources and reviewed for quality assurance by the Payroll Department. In addition, external auditors annually include a review of my actual earnings and benefits to ensure consistency to the employment contract for the reporting period.

Compliance Statement:

I report compliance.

2. **POLICY PROHIBITION:** *The Superintendent shall not (a) promise or imply permanent or guaranteed employment, (b) use illegal recruitment, hiring, evaluations, promotion, termination or other employment practices.*

(a) I interpret “*promise or imply permanent or guaranteed employment*” to mean: Superintendent Policies, Master Agreements (union contracts) and other employment contracts do not contain language that indicates entitlement to employment beyond the current fiscal year, and provide for staff reductions as may be required.

Data Reported:

Contracts provide for the discontinuance of the employment relationship as defined below:

Administrative Staff – Employees within this classification are “year-to-year” (July 1 – June 30). Each employee within this classification is provided an updated contract on an annual basis.

Certified Staff – State statute outlines that all new teachers, regardless of their previous experience, are subject to non-renewal during the first three years of employment with the district. Upon completion of the probationary period, teachers are subject to the Certified Employment, Compensation and Dismissal Act of 1990 and therefore subject to dismissal only on statutory grounds.

In the case of a “staff reduction”, the bargaining agreement contains specific guidelines for implementation of a reduction as referenced in the Certified Master Agreement, Article 10 – Staff Reductions. The ability to implement staff reductions supports a “year-to-year” employment relationship.

Classified Staff – Reductions in force can be accomplished as outlined in the Classified Master Agreement, Article 9 – Hiring Guidelines, Substitute/Temporary Employee Appointment,

Reappointment, Notice of Resignation/Transfer, Administrative Transfer, Working Out of Classification, Reduction/Abolishment in Force, Laid-Off Employees Recall, Discipline and Discharge. Classified staff can be reduced with a one month notice.

Substitute Teachers/Classified Substitutes – Substitute teachers and classified substitutes are “at will” employees and may be reduced at any time.

Compliance Statement:

I report compliance.

(b) I interpret “*use illegal recruitment, hiring, evaluation, promotion, termination, or other employment practices*” to mean that certified, administrative, classified and substitute teachers are not discriminated against based upon their predominant ethnic background, gender, sexual orientation, age, or their religious or political affiliation during the selection process for employment, assessment of performance, or separation from employment. Compliance shall be reported in absence of any decision or judgment by final agency action, or by an appellate court with final appellate authority for the issue presented, concluding that the district acted or failed to act in a manner which is contrary to law.

This interpretation is reasonable because the courts and administrative agencies are the ultimate arbiters of the lawfulness of district action.

Data Reported:

- There were no decisions or judgments by final agency action, or by an appellate court with final appellate authority, for the issue presented, concluding that the district or one of its employees engaged in illegal recruitment, hiring, evaluation, promotion, termination, or other employment practices.

Compliance Statement:

I report compliance.

3. **POLICY PROHIBITION:** *The superintendent shall not establish current compensation and benefits which materially exceed the geographic or professional market for the skills employed.*

I interpret “*Materially exceed the geographic or professional market*” to mean: Salary plans and other financial enhancements, as part of total compensation, will not exceed or be below the market by 10% as summarized for each of the employee groups. The target of a 10% spread for the summarized industry salary and benefits survey data is reasonable because of our organizational value of neither being at the top nor at the bottom of the geographic market.

Salary Plan Review

The process of salary plan review for Administrative and Classified groups toward maintaining a 10% range above or below market is summarized and averaged based on a group of “benchmark” positions. Benchmark positions are those that are common throughout school districts and other public/private employers for this geographic region. The Certified pay plan is compared on an annual basis using approximately 15 data points and reviewing 26-year earning potential by tracking a “typical” teacher career in the profession.

This interpretation is reasonable based on the use of acceptable compensation practices using reliable comparative data for a defined geographic market and aligned with organizational compensation philosophy.

Benefits Plan Review

Benefits survey data for the three employee groups demonstrate competitiveness based on two key benefit data points representing the most significant district contribution/cost:

- 1) Medical, Dental, Vision
- 2) Maximum Paid Time Off

The Denver Metro area market comparison for salary and benefit plan comparison includes Aurora, Boulder Valley, Cherry Creek, Douglas County, Jefferson County and St. Vrain School districts, plus city/county governments and applicable private sector employers using similar benchmark positions as defined by major duties, responsibilities and functions. The customized survey data is reasonable as it is related to industry standards used by Oehm Consulting Services, Mountain States Employers Council, Colorado Municipal League, Robert Half Information Technology Survey and School Board Services’ annual certified pay plan analysis.

Data Reported:

- In January 2014, Oehm Consulting Services conducted the annual salary and benefits survey of Denver Metro area school districts for “benchmark positions” (positions that are common from employer to employer within the total pay plan). In addition, the survey weaved in applicable public and private sector data for the defined Denver Metro area. The summarized results are as follows:

Salary Plan Comparison

	D12 – Classified	D12 – Administrative
Number of job titles	162	131
Number of benchmark titles	58	58
% (+) over / (-) under market	-0.2%	-1.5%

The above referenced chart demonstrates compliance with 10% above or below market.

- In the spring of 2014, School Board Support Services conducted a comparison of certified pay plans for the defined Denver Metro area. The summarized results are as follows:

Salary Plan Comparison

D12 – Certified			
Starting Salary	BA Maximum	Schedule Maximum	26-year earning
-5.5%	11.1%	1.2%	1.9%

The above referenced chart demonstrates compliance with 10% above or below market with one exception. The BA Maximum is above the compliance level; however, the total pay plan is well within the 10% range. It is acknowledged that starting salary trending below peer districts needs to be addressed in the coming school years.

Benefit Plan Comparisons

Benefit plan comparisons may include a variety of financial enhancements. Two key data points representing the most significant district contribution/costs are Health Care (medical, dental and vision) and Maximum Paid Days Off.

D12 Administrative, Classified and Certified Staff Health Insurance Contribution (Medical, Dental, Vision)				
	Adams 12	2013/14 – Minimum of Comparative Districts	Average of Comparative Districts vs. Adams 12	Maximum of Comparative Districts
Monthly contribution Employee only	\$510	\$430	\$506 or -.72%	\$540
Monthly contribution Employee plus family	\$510	\$515	\$599 or +17.39%	\$801

The above referenced chart demonstrates a competitive employer contribution rate without exceeding market comparisons. The employee only contribution is the key comparative factor. The area in which we are not as competitive to the peer group is contribution strategy to underwrite family coverage. We will continue to monitor the area of family coverage with the Insurance Advisory Committee and our external benefits consultant.

Maximum Paid Days Off

Maximum paid days off represents the second data point.

D12 Administrator and Classified Staff Maximum Paid Days Off (Sum of Sick Leave, Personal Leave, Other Leave, Maximum Vacation and Holidays)				
	Adams 12	Minimum of Comparative Districts	Average of Comparative Districts	Maximum of Comparative Districts
Administrator	45	43	48.1	55.5
Classified	45	37.5	44.1	55.5

The above referenced chart demonstrates competitiveness without exceeding the market comparison.

Certified work year (days on contract) is the industry standard and constitutes an appropriate comparison rather than translating the data into paid days off. Certified work year contracts across the Denver Metro area are consistent and generally range from 182 to 186 work days. The District 12 certified work year is 184 and is competitive without exceeding the market.

The combination of health care contributions and the review of days off coupled with salary comparisons demonstrate a competitive position without exceeding the market.

Certified Staff - Certified Compensation Stipend/Classified Staff - Career Service Stipend/ Administrative Staff - Administrator Longevity Program (ALP)

Each employee group, as part of its benefits package, has a form of compensation for years of service with the district dependent upon hire date. In general, this form of compensation is somewhat unique to Adams 12. Although other areas of district compensation may slightly lag behind comparative peer districts, this benefit provides compensation for competitiveness in the general market for a segment of the current workforce.

Certified Staff - Certified Compensation Stipend - Discontinued for new hires effective January 1, 2007. New hires since January 2007 have received an additional \$1,000 annually. At the time of this transition, certified staff participated in a one-time election to remain in the stipend program or receive the additional annual salary.

Eligibility for the Certified Compensation Stipend is achieved two ways:

1. Hire date + completion of 13 to 19 years of service: Certified staff member is eligible for a half-stipend. Currently 420 certified staff members out of approximately 2,168 certified FTE meet eligibility requirements. The stipend of \$40,030.00 is paid out in five equal installments after the employee has separated from employment. If the benefit were applied to annual earnings retroactively it would represent approximately 4.74% per year, per eligible employee.
2. Hire date + completion of 20 or more years of service: Certified staff member is eligible for a full stipend. Currently 203 certified staff members out of approximately 2,168 FTE meet eligibility requirements. The stipend of \$80,060.00 is paid out in five equal installments after the employee has separated from employment. If the benefit were applied to annual earnings retroactively it would represent approximately 5.31% per year, per eligible employee.

Classified Staff - Career Service Stipend - Discontinued for new hires effective January 1, 2011. Remains in effect for classified staff hired prior to January 1, 2011.

Eligibility for the Career Service Stipend is achieved two ways:

1. Hire date + completion of 13 to 19 years of service: Classified staff member is eligible for a half-stipend. Currently 347 classified staff members out of 1250 FTE meet eligibility requirements. The stipend of 66.5% of the average highest three years of annual salary not to exceed \$36,250 is paid out in five equal installments after the employee has separated from employment. If the benefit were applied to annual earnings retroactively it would represent approximately 5.0% per year, per eligible employee. (This figure is based on a single year of earnings and does not reflect a three year average.)
2. Hire date + completion of 20 years of service: Classified staff member is eligible for a full-stipend. Currently 124 classified staff members out of 1250 FTE meet eligibility requirements. The stipend of either 133% of the average of the highest three years of annual salary, not to exceed \$72,500 or a minimum stipend of \$30,000 is paid out in five equal installments after the employee has separated from employment. If the benefit were applied to annual earnings retroactively it would represent approximately 6.8% per year, per eligible employee. (This figure is based on a single year of earnings and does not reflect a three year average.)

Administrators - Administrator Longevity Program (ALP) - Note: Will be discontinued for new administrative hires effective January 1, 2015. Remains in effect for administrators hired prior to January 1, 2015. ALP is a tax sheltered annuity contribution or an addition to monthly earnings as salary. The choice of how to receive the benefit is elected by the administrator on an annual basis.

Eligibility for the ALP benefit is achieved in five ways:

1. Hire date + completion of 2-4 years of service: Eligible for a 2.0% contribution.
2. Hire date + completion of 5-9 years of service: Eligible for a 3.0% contribution.
3. Hire date + completion of 10-14 years of service: Eligible for a 4.0% contribution.
4. Hire date + completion of 15-19 years of service: Eligible for a 5.0% contribution.
5. Hire date + completion of 20+ years of service: Eligible for a 7.0% contribution.

Currently 191 administrators out of 242 FTE meet eligibility requirements in one of the above categories. When applied to annual earnings, the benefit represents an average of 3.3% per eligible employee for the 13/14 fiscal year.

The stipend benefits apply to various segments of the total workforce and in some instances may create annual earnings that slightly exceed the market target of remaining within 10% above competitors. In the majority of cases, the stipend creates a very competitive salary to peer districts. From a broad perspective the pay plans and benefits do not exceed the market as defined in the interpretation.

Compliance Statement:

I report compliance.

1. **POLICY PROHIBITION:** *The Superintendent shall not create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue.*

I interpret “create obligations over a longer term than revenues can be safely projected, in no event longer than one year and in all events subject to losses in revenue” to mean: Total compensation costs, inclusive of accrued benefits paid out on an annual basis, are analyzed and integrated into budget planning for the fiscal year represented in the monitoring period.

Data Reported:

Compensation and benefit costs are part of district annual budget planning as referenced in the most recent 2.4 – Financial Conditions and Activities and 2.3 – Financial Planning and Budgeting.

Compliance Statement:

I report compliance.

2. **POLICY PROHIBITION:** *The Superintendent shall not establish or change pension or other benefits so as to cause unpredictable or inequitable situations, including those that: (a) incur unfunded liabilities, (b) provide less than some basic level of benefits to all full time employees, though differential benefits to encourage longevity and performance are not prohibited, (c) allow any employee to lose benefits already accrued from any foregoing plan, (d) treat the Superintendent differently from other key employees.*

I interpret “*cause unpredictable or inequitable situations and (a) incur unfunded liabilities*” to mean: Financial enhancements that are in addition to base compensation and contribute to total compensation are planned for in the current fiscal year and future years budgeting process. The data is based upon an analysis that takes into account historical data and actual expenditures for the reporting period and referenced in budgetary planning and financial monitoring reports.

Data Reported:

No data to report.

Compliance Statement:

I report compliance (2.6.5.A).

I interpret (b) “*provide less than some basic level of benefits to all full time employees, though differential benefits to encourage longevity and performance are not prohibited*” to mean: Staff who are 1.0 equivalency and in regular positions are provided eligibility for employee-related enhancements in addition to base salary. The available enhancements may vary from employee group to employee group as negotiated. The district may create financial enhancements to staff for district years of service and/or exemplary execution of duties and responsibilities.

Data Reported:

All regular full-time staff are eligible to receive benefits as defined in the respective Master Agreements or Administrative Employees Compensation Program booklet.

Compliance Statement:

I report compliance (2.6.5.B).

I interpret (c) “*allow any employee to lose benefits already accrued from any foregoing plan*” to mean: Changes to enhancements beyond base compensation shall “grandfather” current staff or demonstrate an “equitable” replacement unless current and/or future budget projections do not support this policy prohibition and Board approval is provided.

Data Reported:

No data to report.

Compliance Statement:

I report compliance (2.6.5.C).

I interpret (d) “*treat the Superintendent differently from other key employees*” to mean: Compensation and other financial enhancements making up total compensation for the Superintendent will be the same as other Administrative and Resource/Technical staff except as identified in the Superintendent’s employment contract executed with the Board of Education.

Data Reported:

No changes to the Superintendent’s base pay and/or benefits have been implemented outside of the executed contract with the Board of Education.

Compliance Statement:

I report compliance (2.6.5.D).

3. **POLICY PROHIBITION:** *Except as a substitute teacher, hire as contract worker or consultant any district employee or Board of Education member who has not been separated from the district for at least six months.*

I interpret “*hire as contract worker or consultant any district employee or Board of Education member who has not been separated from the district for at least six months*” to mean: District staff and/or Board members who are term limited, lose an election, or do not run for re-election, and who retire with District 12 and/or PERA may only be re-employed as substitute teachers or classified substitutes during the first six months after separation from employment with the district.

Data Reported:

A review of hiring records demonstrates compliance with the interpretation for the reporting period with one exception. A principal, who retired in June 2013, engaged in mentoring work for a new dean during the 2013/14 school year. This is a violation of the 6-month separation policy. The Human Resource department was not made aware of this arrangement until late in the 2013/14 school year when payment for services was due to the retired administrator. A review of policy with the department has taken place.

Compliance Statement:

I report compliance.

GLOBAL POLICY PROHIBITION: *With respect to terms of employment, compensation, and benefits to employees, consultants, contract workers and volunteers, the Superintendent shall not cause or allow jeopardy to fiscal integrity or to public image.*

I submit that the Board’s policy is comprehensively interpreted in the preceding provisions except for:

I interpret “*Consultants and Contract Workers*” to mean: Consultants and contract workers are temporary in nature (a start and end date rather than a “year-to-year” agreement), provide specialized and/or limited services as subject matter experts and are on an individual contract.

Data Reported:

Individuals providing services, not as employees or as volunteers, are contracted to receive payment for services to the district at market rates applicable to independent contractors providing such services.

Compliance Statement:

I report compliance.

I interpret “*Volunteers*” to mean: Individuals who willingly give time and service in support of district operations.

Data Reported:

Individuals in this category are not employees, consultants or contract workers and do not receive compensation or benefits.

Compliance Statement:

I report compliance.

The Board acknowledged receipt of a monitoring report as of August 20, 2014, for the period July 1, 2013 through June 30, 2014, of the Superintendent concerning Operating Limitations Policy 2.6 Employment, Compensation and Benefits, and the board found the superintendent's interpretations were reasonable and supported by data that was relevant, justified and complete.