



**Douglas
County**
School District

Learn Today, Lead Tomorrow

UPDATE ON STATUS OF COMPENSATION PROJECT

May 25, 2021

Agenda

- Grounding the Work
- Historical Context
- Revenue Updates
- Compensation Considerations
- Recommended Distribution Methodology
- Questions and Discussion

Grounding the Work

- **Board End Statement: Outstanding Educators and Staff**
 - II-A: Quality educators and staff have been recruited, developed, supported, retained and celebrated
 - II-E: Educators and staff are valued and given multiple opportunities for their voices to be heard
- Employee Compensation and Values Resolution 12-13-2018
- Resolution Regarding Transitioning to a New Employee Compensation System 3-10-2020*

Grounding the Work

Strategic Plan Theme 3: Positive and Supportive Culture

Initiative 1a: Define and develop agreed upon core values, behaviors, and collective commitments.

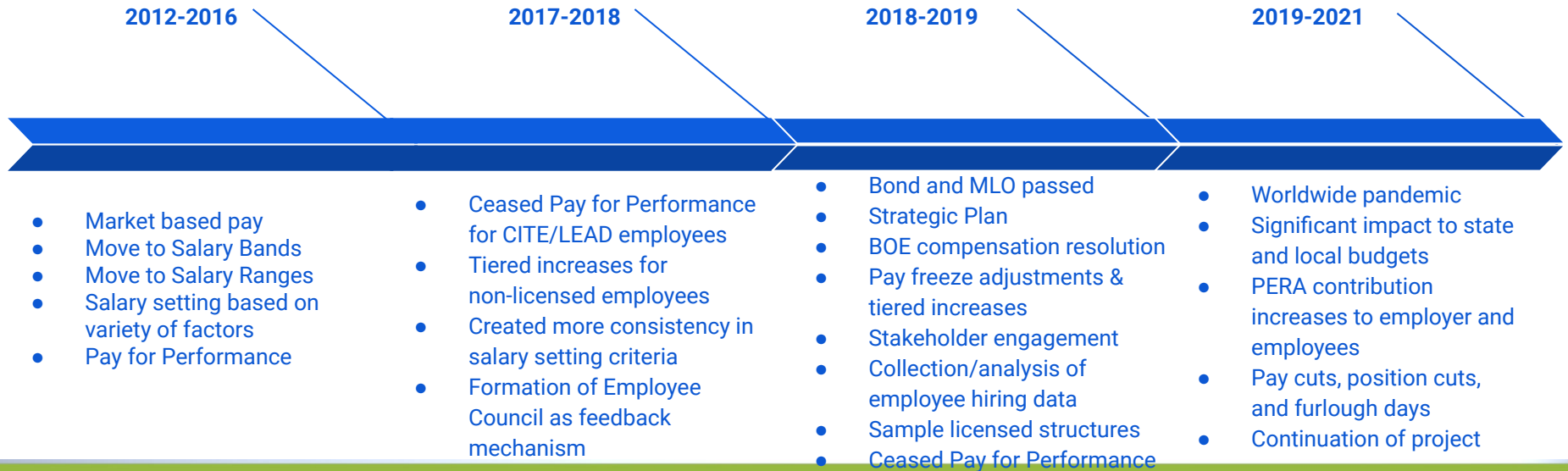


Strategic Plan Theme 6: Recruitment, Retention and Development of High Quality Employees

Initiative 1a: Develop and recommend a predictable compensation schedule for all employee groups that acknowledges experience/longevity, knowledge, and performance. In addition, it should be easily comparable to neighboring school districts, and progressively move toward a regionally competitive pay for all employees.

Historical Context

Compensation practices in DCSD have shifted significantly over time based on a variety of factors including available funding. No one could have predicted the COVID-19 pandemic, impact to revenue, availability of relief funding or the economic rebound.



Revenue Updates

- When the 2021-22 Proposed Budget was presented to the Board of Education on May 11th, the annual School Finance Act had not yet been introduced
 - Initial budget proposal contemplated 75% of the Governor's request
- Legislation has since been introduced resulting in an additional \$13.3M above the Proposed Budget for all of DCSD with \$10.1M for district-managed schools and programs after passing through \$3.2M to charter schools
- Staff is recommending an increase to compensation pool for pay increases from \$8.5M to \$12.0M (~3.2% equivalent for all FTE funded by General Fund)

Compensation Considerations

- One-time payment in SY2020-21 (June payroll) to offset furlough days taken in the current school year
- No furlough days for staff and SY2021-22 calendars will be fully restored and base pay adjusted accordingly to SY2019-20 levels
 - \$4.0M cost to General Fund
- No employee medical premium increases and no premium increases paid by schools or departments (all projected medical expense increases absorbed within the Medical Fund)
 - \$0.0M cost to General Fund
- Compensation pool for pay increases equivalent to ~3.2% for all FTE funded by General Fund (\$12M)

Proposed Compensation Pool Distribution Methodology

Proposed Distribution Methodology

- Although employees have received pay increases over the years, pay schedules (min-mid-max) in DCSD have, in some cases, not been adjusted for cost of living (COLA) in as many as 6 years. The proposed compensation adjustments for SY2021-22 focus first on updating pay schedules for all positions based on annual cost of living, an important first step in developing a more comprehensive compensation strategy.
- While this is not a comprehensive market analysis, these adjustments do bring our baseline compensation profiles closer to comparable and current ranges.
 - The table below represents the applicable adjustments to minimum, midpoint, and maximum for each compensation range.

# of Years Since Last Update	1 years	2 years	3 years	4 years	5 years	6 years
% Increase	2.00%	4.06%	6.15%	8.27%	10.39%	12.62%

Proposed Distribution Methodology

The type of pay will vary based on placement on the adjusted compensation ranges that occur below minimum, within the range or above the maximum.

Range Placement	Pay Type	% Adjustment	Total Cost	% of Total Population
Below Minimum	Base Pay Increase	3.00%-12.62%	\$1M	7%
In Range	Base Pay Increase	3.00%	\$9.3M	85%
Above Maximum	One-time Payment *	3.00%	\$1.4M	8%

** One-time payments for those above max are PERA includable as part of HAS calculations*

Distribution of Compensation Pool: Classified

Classified: \$2.2M / 19% of Total Compensation Pool

- Group contains a wide variety of positions (EAs, Bookkeepers, Bus Drivers, Skilled Trades, etc) and pay ranges (\$12.32-\$45.10).
- Position count includes employees who hold multiple positions.

Classified Staff				
Placement	% of Total	Position Count	Total \$*	Average Rate
Below Min	10%	221	\$285k *	\$17.14
In Range	84%	1,857	\$1.7M	\$19.28
Above Max	6%	125	\$192k	\$27.18
Total	100%	2,203	\$2.2M	\$19.52

* Does not include an additional adjustment to reduce entry level compression

Distribution of Compensation Pool: Admin, Pro-Tech, Other

Admin, Pro-Tech, Other: \$1.4M / 12% of Total Compensation Pool

- Group contains a wide variety of positions (Principals, APs, Accountants, Network Technicians, Coordinators, Superintendent, etc.) and pay ranges (\$38,289-\$300,000).
- Position count includes employees who hold multiple positions.

Admin, Pro-Tech, Other				
Placement	% of Total	Position Count	Total \$	Average Rate
Below Min	3%	15	\$75k*	\$60,310
In Range	78%	337	\$1.05M	\$87,298
Above Max	18%	79	\$287k	\$101,572
Total	100%	431	\$1.4M	\$88,976

** Does not include an additional adjustment to reduce entry level compression*

Distribution of Compensation Pool: Licensed Staff

- In addition to COLA-based adjustments, salary ranges for licensed staff (General, Hard to Hire, Specialists) were evaluated independently to:
 - make additional progress toward year 1 market comparability
 - ensure a more accurate starting salary for future licensed salary schedule work

Group	Min (Prev/New)*	Max (Prev/New)*
General	\$39,000 / \$42,120	\$76,000 / \$82,080
Hard to Hire	\$43,000 / \$46,440	\$86,000 / \$92,880
Specialist	\$48,000 / \$51,840	\$94,000 / \$101,520

* 8% Increase to salary range (mid - mid - max)

Distribution of Compensation Pool: Licensed Staff

Total Cost: \$8.0M / 69% of Total Compensation Pool

Type	Below Min			In Range			Above Max		
	%	Position Count*	Total \$	%	Position Count*	Total \$	%	Position Count*	Total \$
General	6%	128	\$411k**	83%	1,875	\$3.6M	11%	252	\$774k
Hard to Hire	6%	61	\$198k**	90%	843	\$1.8M	4%	36	\$125k
Specialist	3%	15	\$56k**	96%	470	\$1.0M	1%	5	\$19k

* Includes employees who hold multiple positions

** Does not include an additional adjustment to reduce entry level compression

Sample Compensation Adjustment Scenarios

	Ex 1: 2nd Grade teacher Below Minimum	Ex 2: 2nd Grade teacher In Range	Ex 3: 2nd Grade teacher Above Maximum
2019-20 Salary (185 Day Calendar)	\$39,000	\$50,000	\$85,000
2020-21 Salary (183 Day Calendar)	\$38,578.38	\$49,459.46	\$84,081.08
New Salary Range (2021-22)	\$42,120 - \$82,080	\$42,120 - \$82,080	\$42,120 - \$82,080
2020-21 Range Placement	Below Minimum	In Range	Above Maximum
2021-22 Adjustments			
(a) Base Pay Adjustment to Full Calendar	\$421.62	\$540.54	\$918.92
Calendar Adjusted Base Pay	\$39,000	\$50,000	\$85,000
(b) Pay Increase (3%)	\$1,170	\$1,500	\$0
(c) Additional Increase to Get to Minimum *	\$1,950	\$0	\$0
Adjusted Base Pay	\$42,120	\$51,500	\$85,000
(d) 2021-22 3% Lump Sum Payout (If Above Max) <i>Lump sum payouts are PERA includable and increase HAS</i>	\$0	\$0	\$2,550
Total Compensation Adjustments 20-21 to 21-22			
(a + b + c + d)	\$3,542	\$2,041	\$3,469
% Change 20-21 to 21-22	9.18%	4.13%	4.13%
Calendar Related Increase	1.09%	1.09%	1.09%
Base Pay Increase (Excluding Calendar Adjustment)	8.09%	3.00%	0.00%
One Time Adjustments	0.00%	0.00%	3.00%

* Does not include an additional adjustment to reduce entry level compression

Ongoing Compensation Work

These **recommendations are first steps** in the development of consistent and predictable compensation plans for all staff. Now and throughout SY2021-22 several parallel work streams will be taking place to implement additional changes for SY2022-23.

- Further development of a compensation philosophy for DCSD with associated goals (see next slide)
- In-depth job description reviews, market analysis with benchmarking and target setting, and compression analysis for all employee groups
- Review compensation ranges for all pay grades to ensure they accurately reflect current market rates
- Development of licensed compensation system comparable to neighboring districts
- Evaluate feasibility of early retirement / separation options for those retiring June 30, 2022
- Determine employees now at or near the max of the salary range, including capping those above maximum range
- Develop and model compensation schedules with revised pay ranges for all employee groups
- Analyze short and long term costs of implementation against forecasted revenue to ensure fiscal sustainability
- Cyclical review of market metro area comparison along with allocated budget to support adjustments
- Stakeholder feedback opportunities
- Policy development

Compensation Philosophy

We recognize the work that has been done so far in this area, including the creation of a BOE compensation resolution. Factors to consider include:

- Overall position in metro area market
- Identification of employees in all job categories who are below, at or above the range on their applicable schedule
- Recognition of key factors: experience, certifications, endorsements, education levels, professional development, performance, and longevity
- Addressing the need to recruit and retain hard to hire staff and specialists
- Starting pay
- Addressing employees at or above the maximum salary range
- How to address additional responsibilities and leadership roles (additional pay)

Considerations

Positives

- Significant progress for all employee groups with the compensation project
 - Strategic Plan Themes 3 & 6
 - Recognition of Board of Education Compensation Resolutions
 - Recruitment and retention of employees
- Continued development of a compensation philosophy for consistency and predictability
- Continued systemic project work- 1 year, 3 year, 5 year planning, implementation, and costing

Implications

- Budgetary commitment and sustainability concerns along with impact to other budget priorities
- Treatment of employees at the maximum level of the range

Individual Employee Notifications

- Individuals whose salary will be capped will be notified individually
- Compensation Statements and Licensed contracts for review and employee acceptance in Workday (approximately June 7)

Questions and Discussion