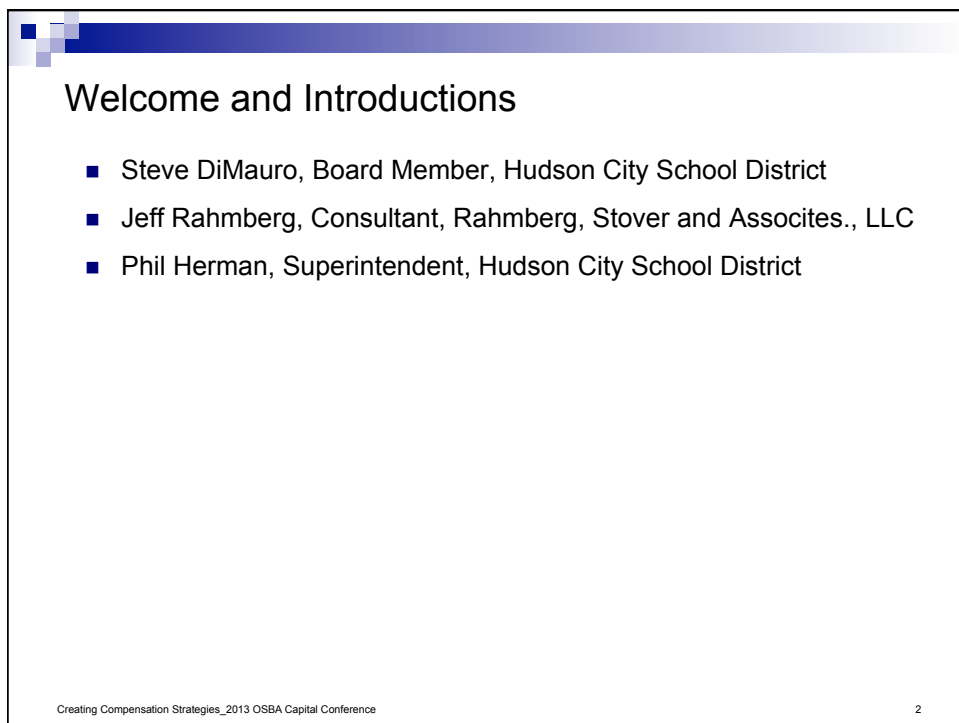


Creating Compensation Strategies

November 12, 2013



Welcome and Introductions

- Steve DiMauro, Board Member, Hudson City School District
- Jeff Rahmberg, Consultant, Rahmberg, Stover and Associates., LLC
- Phil Herman, Superintendent, Hudson City School District

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Hudson History

- Slide the paper
- “The grid”
- The internal equity dilemma

Compensation Objectives

The Hudson Board of Education recognizes the need to attract and retain a highly competent workforce. This requires the District to provide an attractive work environment for our employees, enable opportunities for professional growth and development and offer an appropriate compensation package.

The Board’s objective is to provide a compensation program that is:

- Competitive with comparable school districts in Summit and nearby counties.
- Internally equitable
- Reflective of individual performance, experience and qualifications
- Compliant with federal and state laws and regulations

Engagement Model

- The Hudson Board of Education engaged Rahmberg, Stover & Associates (Birmingham, Michigan) to provide HR advisory consulting
 - Background
 - Jeff Rahmberg – 36 years of Human Resource Consulting; 8 with his own firm and 28 years at Plante & Moran
 - Expertise in Human Resources Consulting
 - Compensation Programs
 - Human Resources Strategy, Practices and Systems
 - Organizational and Staffing Analysis
 - Performance Management
 - References/ Engagement Experience
 - Worked on hundreds of engagements with public school districts
 - Frequent presenter to local, state and national school district associations
 - Exclusively Endorsed Provider of Compensation Consulting Services by Ohio School Boards Association

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5

Scope & Project Overview

- Administer a Compensation Survey
 - Define school district targeted for survey based on agreed upon filtering criteria
 - Define survey data elements to be collected
 - Distribute survey, compile survey findings and analyze results
- Develop HR and Compensation Strategy & Guidelines
 - Conduct meetings and interviews with BOE and staff members
 - Develop salary progression guidelines based on pre-determined criteria
 - Assess end-to-end employment lifecycle with multiple use cases
 - Develop final draft of HR compensation strategy document
 - Review, modify, and finalize
- Establish an Administrative & Non-Represented Salary Structure
 - Develop administrative salary structure reflective of market conditions and districts compensation strategy
 - Internally equitable, reflective of individual performance, experience and qualifications
 - Develop salary progression guidelines based on pre-determined criteria

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6

Compensation Survey – Comparable Districts

- A market survey was conducted
- Fifteen districts were identified as comparable districts based upon seven criteria:
 - Geography – Summit and nearby counties (Cuyahoga, Lake, Lorain, Medina, Portage)
 - Enrollment – Hudson City School Enrollment ± 2,500
 - State Performance Index Score – 100 +
 - LRC Rating – Excellent with Distinction and Excellent
 - Expenditures Per Pupil - \$10,000 - \$16,000
 - Median Family Income - \$40,000 +
 - Typology – Urban/Suburban with High Median Income or Very High Median Income and Very Low Poverty
- Thirteen districts participated in the survey

Compensation Survey – Comparable Districts

DISTRICT NAME	COUNTY (Cuyahoga, Geauga, Lake, Lorain, Medina, Portage, Summit)	2011 ENROLLMENT ±2,500 (2,122 - 7,122)	2011 PI SCORE (100 +)	2011 LRC RATING (Exc w/ Distinction or Excellent)	2011 EXPENDITURES PER PUPIL (\$10,000 - \$16,000)	MEDIAN FAMILY INCOME (\$40,000 +)	TYPOLOGY ¹ (6 or 7)
Hudson City	Summit	4,622	109.1737	Exc w/ Distinction	\$13,671	\$64,018	7
Rocky River City	Cuyahoga	2,529	110.8793	Exc w/ Distinction	\$12,949	\$41,107	7 X
Solon City	Cuyahoga	5,043	110.6997	Excellent	\$13,387	\$50,361	7 X
Chagrin Falls Exempted Village	Cuyahoga	1,936	109.3931	Exc w/ Distinction	\$12,304	\$55,726	7
Aurora City	Portage	2,892	108.9301	Exc w/ Distinction	\$10,946	\$46,967	7 X
Brecksville-Broadview Heights	Cuyahoga	4,288	108.3552	Exc w/ Distinction	\$11,665	\$44,855	7 X
Avon Lake City	Lorain	3,781	108.1723	Excellent	\$10,904	\$48,961	7 X
Bay Village City	Cuyahoga	2,453	107.3750	Excellent	\$11,557	\$53,082	7 X
Beachwood City	Cuyahoga	1,551	107.3567	Excellent	\$19,645	\$47,331	7
Kenston Local	Geauga	3,141	107.2266	Excellent	\$11,294	\$51,290	7 X
Westlake City	Cuyahoga	3,891	107.1574	Excellent	\$13,249	\$45,896	7 X
Orange City	Cuyahoga	2,203	107.0216	Exc w/ Distinction	\$21,443	\$62,811	7
Revere Local	Summit	2,708	106.9192	Exc w/ Distinction	\$11,516	\$55,664	7 X
Avon Local	Lorain	3,865	106.6306	Exc w/ Distinction	\$7,181	\$55,098	7
Wadsworth City	Medina	4,742	106.6149	Exc w/ Distinction	\$8,412	\$36,802	6
West Geauga Local	Geauga	2,199	106.4919	Excellent	\$11,489	\$41,320	6 X
Cuyahoga Heights Local	Cuyahoga	906	106.3505	Excellent	\$17,989	\$33,135	6
Independence Local	Cuyahoga	1,101	106.2020	Excellent	\$14,951	\$41,356	6
Kirtland Local	Lake	1,172	105.9708	Excellent	\$8,449	\$46,314	3
North Royalton City	Cuyahoga	4,368	105.9033	Excellent	\$10,605	\$38,989	6
Twinsburg City	Summit	4,237	105.8780	Exc w/ Distinction	\$10,450	\$44,966	7 X
Green Local	Summit	4,167	105.7519	Exc w/ Distinction	\$9,258	\$37,360	6
Olmsted Falls City	Cuyahoga	3,638	105.7233	Excellent	\$10,101	\$40,041	6 X
Chardon Local	Geauga	3,144	105.6371	Excellent	\$10,024	\$38,896	3
Highland Local	Medina	3,221	105.4416	Excellent	\$8,449	\$46,314	3
Copley-Fairlawn City	Summit	3,156	103.8820	Excellent	\$10,142	\$43,434	7 X
Manchester Local	Summit	1,480	103.8528	Excellent	\$8,663	\$33,877	6
Mentor Exempted Village	Lake	8,156	103.7907	Excellent	\$12,214	\$36,862	6
Medina City SD	Medina	7,354	103.7301	Excellent	\$9,869	\$42,298	6
Strongsville City	Cuyahoga	6,515	103.5586	Excellent	\$11,564	\$42,344	7 X
Stow-Munroe Falls City School District	Summit	5,345	103.3409	Excellent	\$10,028	\$38,705	6
Nordonia Hills City	Summit	3,979	103.1732	Exc w/ Distinction	\$10,385	\$41,631	6 X
Buckeye Local	Medina	2,254	103.1552	Excellent	\$8,526	\$29,381	3
Talmadge City	Summit	2,581	103.0971	Excellent	\$9,831	\$34,851	6
Columbia Local	Lorain	1,024	102.9369	Exc w/ Distinction	\$10,517	\$34,837	6

Participants:

- Aurora
- Avon Lake
- Bay Village
- Brecksville-Broadview
- Copley-Fairlawn
- Kenston
- Nordonia
- Olmsted Falls
- Revere
- Solon
- Twinsburg
- West Geauga
- Westlake

Compensation Strategy & Guidelines

Compensation Program Overview

- Includes schedules of pay grades and salary ranges
 - Consisting of a minimum and maximum salary level
 - Elimination of steps for Administrative & Non-represented employees
- Positions assigned to pay grades based upon a market analysis of job role and internal equity considerations
- HR will be responsible for administering the compensation program on behalf of the Superintendent

Implementation Approach

- All positions placed in the appropriate pay grade based
 - Current responsibilities
 - Results of the compensation analysis.
- One-time adjustments as part of implementation
 - If the pay is not properly aligned to the market data or with internal equity considerations
 - E.g. Minimum pay grade adjustments
 - Correcting pre-existing internal inequity issues

Compensation Strategy & Guidelines

New Positions

- HR will conduct a market analysis for any new position
- Superintendent will submit the final recommendations for pay grade placement to the Board for approval

Reclassification

- Occurs if the duties and responsibilities of an established position are:
 - Permanently and significantly changed
 - A position is misclassified and not in the proper salary grade
- Reclassifications must be submitted to HR for review and analysis
 - Requires evidence and supporting market based data
 - Superintendent recommendation to the Board for approval
- Salary Adjustments
 - Reclassified to a higher grade – increase as necessary, to fall within the higher pay grade
 - Reclassified to lower grade – no salary reduction should occur. If the employee's salary is above the maximum of the new grade, the employee will be considered "red-circled".

Compensation Strategy & Guidelines

Hiring Salaries

- Starting salary levels should be at, or toward, the minimum, of the assigned salary ranges
- A starting salary higher than the minimum may be granted for such reasons as education and/or work experience directly applicable to the job, a competitive market situation, a special and/or specific talent
- Internal equity considerations should also be considered

Annual Salary Increases

- Reviewed on an annual basis
- Based on performance (those receiving top 2 designation on a 4 point scale)
- Typically equal to 1% to 4%
- During the initial years of the program, applied consistently “across-the-board”
- Salary increases will be based on the net value of the increase
 - Different treatment may be applied to different groups of employees
 - Resulting value of the increase the same
- Under certain circumstances, District financial issues and external market conditions may warrant forgoing an annual salary increase
- As an alternative, a lump sum payment, not to be added may be considered

Compensation Strategy & Guidelines

Performance Based Cash Awards

- A lump sum, monetary recognition for individuals with exceptional performance
- Designed to make meaningful distinctions and recognize employees
- Availability and size of cash awards will be based on District financial issues and external market conditions
- Superintendent will submit a recommendations for a designated funding pool to the Board for approval

Red-Circled Employees

- Employees are considered to be “red-circled” when their salaries exceed the maximum within the salary grade
- The salary will be frozen until salary structure adjustments are warranted based on market data
- Based on performance (those receiving top 2 designation on a 4 point scale), they will be eligible for a lump-sum payment, not to be “added to” the employee’s base salary

Compensation Strategy & Guidelines

Retire/ Rehire Employees

- Retire/ Rehire Employees are individuals who retire, and then are rehired by the same school District. For Retire/Rehire employees, the following guidelines will apply:
 - A retire/ rehire employee may be offered a base salary amount up to 75% of their current salary or the maximum of their salary grade, whichever is lower.
 - Note: *Employees of the District who are "red circled" upon program implementation will be grandfathered*
 - Retire/ Rehires will automatically be considered "red-circled" employees.
 - If a Retire/Rehire employee is rated with at least proficient performance (top 2 designations on a 4 point scale), he/she will be eligible for a lump-sum payment, not to be "added to" the base salary.

Promotion

- Employees receiving a promotion will:
 - Receive an increase in base pay
 - Be placed in the new grade and at least at the minimum of the salary grade.
 - The Superintendent will have the flexibility to grant higher promotion increases, when appropriate.

Compensation Survey Measures

- | | |
|----------------------------------|--|
| ■ Current Salary | ■ Tuition Reimbursement |
| ■ Salary Range Minimum | ■ Education Incentive |
| ■ Salary Range Maximum | ■ Cell Phone Reimbursement |
| ■ Total Contract Days | ■ Professional Development Reimbursement |
| ■ Paid Holidays | ■ Severance Pay |
| ■ Paid Vacation | ■ Merit Pay |
| ■ Sick Days | ■ Administrative Handbook/Contract |
| ■ Personal Leave | ■ "Across the board" Adjustments |
| ■ Insurance Contribution % | |
| ■ Retirement Contribution % | |
| ■ Pick-up | |
| ■ Vacation day Reimbursement | |
| ■ Administrative Open Enrollment | |
| ■ Longevity/Years of Service | |

Recommended Salary Structure - Administrative

Grade	Position	Proposed Salary Range		Range Width	Grade Diff
		Min	Max		
12	Superintendent ¹				
11	Vacant	\$115,090	\$140,225	21.8%	7.5%
10	Assistant Superintendent	\$107,060	\$130,442	21.8%	7.5%
9	Treasurer ² Director of Curriculum & Instruction Director of Pupil Services High School Principal ³	\$99,590	\$121,341	21.8%	7.5%
8	Business Manager Middle School Principal	\$92,643	\$112,875	21.8%	7.5%
7	Elementary Principal	\$86,178	\$105,000	21.8%	7.5%
6.5	Athletic Director High School Asst. Principal	\$83,172	\$101,337	21.8%	
6	Middle School Asst. Principal Director of HCE&R	\$80,166	\$97,674	21.8%	7.5%
5	Elementary Asst. Principal	\$74,753	\$90,860	21.8%	7.5%
4	Maintenance Facility Supv.	\$69,371	\$84,521	21.8%	7.5%
3	Vacant	\$64,530	\$78,624	21.8%	7.5%
2	Nutrition Services Supv. ⁴ Communications Manager	\$60,028	\$73,139	21.8%	7.5%
1	Assistant Treasurer	\$55,841	\$68,036	21.8%	

Notes:

- 12 Grades
- 7.5 % Grade Differential
- Built from positions with most data (principals)
- Position Placement
- Superintendent and Treasurer negotiated independently
- High School Principal retire/rehire
- Nutrition Services Supervisor – prorated
- Need for 6.5
- One-time adjustments: Director of C & I and Communications Manager
- Red-circled employees
- Salary Structure Analysis every 2-3 years

Recommended Salary Structure – Non Represented

Grade	Position	Proposed Non-Represented Staff Proposed Salary Range		Range Width	Grade Diff
		Min	Max		
12	Network Manager	\$60,394	\$84,552	40%	10%
11	Vacant	\$54,904	\$76,865	40%	10%
10	EMIS Specialist Licensed Physical Therapy Asst.	\$49,913	\$69,878	40%	10%
9	Coordinator of School/Community Aquatics	\$45,375	\$63,525	40%	10%
8	Asst. Network Manager Secretary - Superintendent	\$41,250	\$57,750	40%	10%
7	Secretary - Business Manager Secretary - Dir. Human Resources (Certified) Secretary - Dir. Pupil Personnel Services Secretary - Dir. Six District Compact Secretary - Dir. Teaching and Learning Secretary - Treasurer	\$37,500	\$52,500	40%	10%
6	Accounts Payable Specialist EMIS Assistant IT Tech Support Payroll Specialist Secretary - Communications Secretary - Dir. Human Resources (Classified)	\$34,091	\$47,727	40%	10%
5	Sign Language Interpreter	\$30,992	\$43,388	40%	10%
4	Before/After School Childcare Coordinator	\$28,174	\$39,444	40%	10%
3	--	\$25,613	\$35,858	40%	10%
2	--	\$23,285	\$32,598	40%	10%
1	Parent Mentor	\$21,168	\$29,635	40%	10%

Notes:

- 2009-2010 Survey Data of public sector and private sector
- 12 Grades
- 10% Grade Differential
- Larger range width
- One-time adjustments
- Red-circled employees

Board of Education Implementation Considerations

- Historical Perspective of Multiple Employee Groups
 - Staggered timing of reductions
 - Administration and non-represented staff salary freeze began 2010/2011
 - Reductions in salary and step for HEA and OAPSE followed

Relative Internal Comparison of Multiple Employee Groups

ADMIN					NON-REP				
YEAR	Salary	Step	INS	S+S	YEAR	Salary	Step	INS	S+S
08-09	3% - 4.9%	0	\$500/250	3.95%	08-09	2.9% - 5.6%	0	\$500/250	4.25%
09-10	1.4% - 4%	0	\$500/250	2.70%	09-10	1.5% - 4%	0	\$500/250	2.75%
10-11	0	0	10%	0.00%	10-11	0	0	\$500/250	0.00%
11-12	0	0	10%	0.00%	11-12	0	0	10%	0.00%
12-13	---	---	15%	---	12-13	---	---	15%	---

HEA					OAPSE				
YEAR	Salary	Step	INS	S+S	YEAR	Salary	Step	INS	S+S
08-09	3%	1.75%	\$500/250	4.75%	08-09	2.00%	1.02%	2%	3.02%
09-10	1.50%	1.75%	\$500/250	3.25%	09-10	2.50%	1.02%	2%	3.52%
10-11	1.50%	1.75%	\$500/250 10% of 1-1-11	3.25%	10-11	0	1.02%	2%	1.02%
11-12	0	1.75%	10%	1.75%	11-12	0	1.02%	10%	1.02%
12-13	0	0.00%	15%	0.00%	12-13	0	1.02%	15%	1.02%

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17

Board of Education Implementation Considerations

- External Market & Economic Considerations
 - Stabilizing market conditions
 - Comparable district activity as well as HR conditions within public and private sector
 - Resulting compensation study analysis
- Historical Perspective
 - Last salary increase occurred for 2009/2010 school year
 - No salary increase granted for Administrative and Non-represented staff for 2 years (Years ending June 2011 or 2012)
 - Higher insurance contribution reduced real wages during period
- Performance
 - Strong and sustained performance within the District
 - Excellent & Excellent w/ Distinction
 - Increased workloads and responsibilities with changes in State and Federal laws
 - Stability in leadership during times of rapid change within public education

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18

Future effects on Compensation in Hudson

- Administrative and Non-represented
- Certified Staff Negotiations
- Support Staff Negotiations

Questions and Answers