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
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

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
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

<table>
<thead>
<tr>
<th>District/County</th>
<th>OSBA Enrollment (2011-12)</th>
<th>Cuyahoga Enrollment (2011-12)</th>
<th>Current Year Salary (Average)</th>
<th>Prior Year Salary (Average)</th>
<th>Change in Salary (Percent)</th>
<th>Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aurora</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Aurora</td>
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<tr>
<td>Avon Lake</td>
<td>4,056</td>
<td>124,435</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Avon Lake</td>
</tr>
<tr>
<td>Bay Village</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Bay Village</td>
</tr>
<tr>
<td>Brecksville-Broadview</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Brecksville-Broadview</td>
</tr>
<tr>
<td>Copley-Fairlawn</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Copley-Fairlawn</td>
</tr>
<tr>
<td>Kenston</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Kenston</td>
</tr>
<tr>
<td>Nordonia</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Nordonia</td>
</tr>
<tr>
<td>Olmsted Falls</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Olmsted Falls</td>
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<tr>
<td>Revere</td>
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<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Revere</td>
</tr>
<tr>
<td>Solon</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Solon</td>
</tr>
<tr>
<td>Twinsburg</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Twinsburg</td>
</tr>
<tr>
<td>West Geauga</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>West Geauga</td>
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<tr>
<td>Westlake</td>
<td>4,022</td>
<td>124,287</td>
<td>$56,000</td>
<td>$54,000</td>
<td>3.6%</td>
<td>Westlake</td>
</tr>
</tbody>
</table>

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

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.

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

<table>
<thead>
<tr>
<th>Grade</th>
<th>Position</th>
<th>Min</th>
<th>Max</th>
<th>Range Width</th>
<th>Grade Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Superintendent*</td>
<td>$125,000</td>
<td>$130,225</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>11</td>
<td>Assistant Superintendent</td>
<td>$150,000</td>
<td>$155,125</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>10</td>
<td>Treasurer</td>
<td>$39,500</td>
<td>$41,141</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>9</td>
<td>Building Manager</td>
<td>$40,413</td>
<td>$41,376</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>8</td>
<td>Elementary Principal</td>
<td>$58,170</td>
<td>$60,500</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>7</td>
<td>Athletic Director</td>
<td>$55,372</td>
<td>$59,185</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>6</td>
<td>Superintendent/High School Principal</td>
<td>$100,185</td>
<td>$107,874</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>5</td>
<td>Elementary Principal</td>
<td>$74,783</td>
<td>$79,960</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>4</td>
<td>Maintenance Facility Super.</td>
<td>$58,373</td>
<td>$60,521</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>3</td>
<td>Counselor</td>
<td>$44,299</td>
<td>$47,790</td>
<td>23.0%</td>
<td>7.5%</td>
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<tr>
<td>2</td>
<td>Nutrition Services Sup.</td>
<td>$50,000</td>
<td>$51,400</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
<tr>
<td>1</td>
<td>Assistant Treasurer</td>
<td>$35,000</td>
<td>$36,605</td>
<td>23.0%</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

**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

<table>
<thead>
<tr>
<th>Grade</th>
<th>Position</th>
<th>Min</th>
<th>Max</th>
<th>Range Width</th>
<th>Grade Diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>12</td>
<td>Network Manager</td>
<td>$60,200</td>
<td>$64,552</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>11</td>
<td>Usentor</td>
<td>$34,900</td>
<td>$37,665</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>10</td>
<td>EHHS Specialist</td>
<td>$40,612</td>
<td>$43,870</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>9</td>
<td>Coordinator of School/Community Aquatics</td>
<td>$35,375</td>
<td>$38,525</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>8</td>
<td>Asst. Network Manager</td>
<td>$44,200</td>
<td>$47,790</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>7</td>
<td>Secretary – Business Manager</td>
<td>$37,500</td>
<td>$42,850</td>
<td>40%</td>
<td>10%</td>
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<tr>
<td>6</td>
<td>Accounts Payable Specialist</td>
<td>$34,061</td>
<td>$47,727</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>5</td>
<td>Sign Language Interpreter</td>
<td>$30,901</td>
<td>$34,338</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>4</td>
<td>Before/After School Childcare Coordinator</td>
<td>$18,174</td>
<td>$19,444</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>3</td>
<td>---</td>
<td>$15,613</td>
<td>$16,858</td>
<td>40%</td>
<td>10%</td>
</tr>
<tr>
<td>2</td>
<td>---</td>
<td>$13,105</td>
<td>$15,556</td>
<td>40%</td>
<td>10%</td>
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<tr>
<td>1</td>
<td>Parent Mentor</td>
<td>$11,666</td>
<td>$12,635</td>
<td>40%</td>
<td>10%</td>
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</table>

**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

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Salary</th>
<th>Step</th>
<th>INS</th>
<th>S+S</th>
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<tbody>
<tr>
<td>08-09</td>
<td>3%</td>
<td>1.75%</td>
<td>$500/250</td>
<td>4.95%</td>
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<tr>
<td>09-10</td>
<td>4.9%</td>
<td>0</td>
<td>$500/250</td>
<td>2.90%</td>
</tr>
<tr>
<td>10-11</td>
<td>0</td>
<td>0</td>
<td>$500/250</td>
<td>0.00%</td>
</tr>
<tr>
<td>11-12</td>
<td>0</td>
<td>0</td>
<td>$500/250</td>
<td>0.00%</td>
</tr>
<tr>
<td>12-13</td>
<td>0</td>
<td>0</td>
<td>$500/250</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Relative Internal Comparison of Multiple Employee Groups

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Salary</th>
<th>Step</th>
<th>INS</th>
<th>S+S</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-09</td>
<td>3%</td>
<td>1.75%</td>
<td>$500/250</td>
<td>3.95%</td>
</tr>
<tr>
<td>09-10</td>
<td>1.4%</td>
<td>0</td>
<td>$500/250</td>
<td>2.70%</td>
</tr>
<tr>
<td>10-11</td>
<td>0</td>
<td>10%</td>
<td>$500/250</td>
<td>0.00%</td>
</tr>
<tr>
<td>11-12</td>
<td>0</td>
<td>15%</td>
<td>$500/250</td>
<td>0.00%</td>
</tr>
<tr>
<td>12-13</td>
<td>0</td>
<td>15%</td>
<td>$500/250</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

- 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
Future effects on Compensation in Hudson

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

Questions and Answers