

## **INTERNAL MONITORING REPORT**

September 6, 2023

**POLICY: 2.6 EMPLOYMENT, COMPENSATION AND BENEFITS**  
**POLICY CATEGORY: OPERATING LIMITATIONS**  
**PERIOD MONITORED: August 17, 2022 – August 14, 2023**

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. This report will monitor the policy starting at its more detailed provisions and end with the global provision.

Chris Gdowski, Superintendent  
September 1, 2023

- 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 own 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:**

District performance complies with the policy standard.

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

(a) I interpret “*promise or imply permanent or guaranteed employment*” to mean: District 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 teachers with probationary status are subject to non-renewal. A teacher shall be considered probationary as defined under the Colorado Teacher Employment, Compensation, and Dismissal Act of 1990 (“TECDA”), specifically at C.R.S. 22-63-103(7). Teachers who obtain non-probationary status under TECDA are subject to dismissal only on statutory grounds enumerated in TECDA.

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 11 – **Reductions in Force**. 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.

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

**Compliance Statement:**

District performance complies with the policy standard.

(b) I interpret “*use illegal recruitment, hiring, evaluation, promotion, termination, or other employment practices*” to mean that certified, administrative and classified employees and guest teachers are not discriminated against based upon their race, color, sex, age, religion, creed, national origin (including ethnicity), ancestry, genetic information (including family medical history), marital status, sexual orientation, transgender identity, gender identity, gender expression, disability, conditions related to pregnancy or childbirth, or their 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:**

District performance complies with the policy standard.

**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. In addition, market surveys are conducted for

additional positions in a 3-year rotation. This analysis of additional classified and administrative positions every three years is referred to as Benchmark Plus.

The certified pay plan is compared to eight peer districts in Colorado on an annual basis using multiple data points and reviewing 26-year earning potential by tracking a “typical” teacher career in the profession.

**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, Brighton, Cherry Creek, Denver, 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 and Salary.com, as well as School Board Support Services’ annual certified pay plan analysis.

**Data Reported:**

In January 2023, Oehm Consulting Services conducted the annual salary and benefits survey of Denver Metro area school districts for “benchmark positions” (classified and administrative positions that are common from employer to employer within the total pay plan), including applicable public and private sector data for the defined Denver Metro area. In recognition of the recruitment challenges presented by changing workforce demographics, non-school-based roles in Business, HR, Finance and IT incorporate Salary.com data from public and private sector employers in the Denver/Boulder area. The summarized results are as follows:

**Salary Plan Comparison**

	<b>Five Star District Classified</b>	<b>Five Star District Administrative</b>
Number of job titles	177	180
Number of benchmark titles	63	55
% (+) over / (-) under market	<b>+3.2%</b>	<b>0%</b>

The above referenced chart demonstrates compliance for classified and administrative staff with the 10% above or below market standard for employee compensation.

In the spring of 2022, 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

<b>Five Star District – Certified</b>			
Starting Salary (BA0 Step 1)	BA Maximum (BA60 Step 26)	Schedule Maximum (MA80 Step 26)	26-year earning
-4.3%	2.9%	-4.7%	-4.3%
70.2 FTE	3.0 FTE	30.5 FTE	

The above referenced chart demonstrates compliance for certified staff with the 10% above or below market standard for employee compensation.

## 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.

<b>Five Star District Administrative, Classified and Certified Staff Health Insurance Contribution (Medical, Dental, Vision)</b>				
	Five Star District	2022/23 Minimum of Comparative Districts	Average of Comparative Districts vs. Five Star District	Maximum of Comparative Districts
Monthly contribution Employee only	\$652.39	\$557.00	\$624.51 or +4.4%	\$806.82
Monthly contribution Employee plus family	\$652.39	\$569.00	\$688.75 or -5.3%	\$806.82

The above referenced chart demonstrates a competitive employer contribution rate without exceeding market comparisons.

During the 2022-23 school year, the district had 4,393 benefit eligible employees and 3,480 elected medical coverage. Of these, 144 (4.1%) employees elected family coverage, 103 (2.9%) employees elected employee plus spouse, and 378 (10.8%) employees elected employee plus children coverage for a total of 17.8% electing some form of dependent coverage. This compares to approximately 31.2% of our members who elect to cover their dependents in our dental plan.

Starting in 2018-19 the district added a number of voluntary benefits, including pet insurance, accident, hospital indemnity and critical illness with cancer plans, and a down payment support program. These programs are paid for in their entirety by employees as they choose. A total of 294 employees enrolled in one or more of these programs at their own cost in the 2022-23 school year. This is a 9.5% decrease over 2021-22.

The district's life insurance premium is in the top of other K-12 employers, only 11% have coverages in the range between \$100K - \$499K.

## **Maximum Paid Days Off**

<b>Five Star District Administrator and Classified Staff Maximum Paid Days Off (Sum of Sick Leave, Personal Leave, Other Leave, Maximum Vacation and Holidays)</b>				
	Five Star District	Minimum of Comparative Districts	Average of Comparative Districts	Maximum of Comparative Districts
Administrator	46	26	42	50
Classified	46	26	41	46

The above referenced chart demonstrates competitiveness for the administrative and classified employee groups without exceeding the market comparison.

Certified work year (days on contract) is the industry standard for certified staff and constitutes an appropriate comparison rather than translating the data into paid days off. Certified work year contracts for the eight comparison school districts across the Denver Metro area are consistent and generally range from 183 to 187 work days. The district's certified work year is 185 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.

### **Stipends and 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 the district. 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 from January 2007-August 2014 received an additional \$1,000 annual payment as a replacement for this discontinued benefit. From August 2014-May 2019, the \$1,000 payment was incorporated into the salary schedule. At the time of this transition in 2007, certified staff participated in a one-time election to remain in the stipend program or receive the additional annual salary. A total of 107 of these employees remain and with the creation of a consolidated salary schedule in August 2019, those employees reverted back to receiving this \$1000 annual payment.

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 146 certified staff members out of approximately 2482 staff members (2432 certified FTE) meet eligibility requirements. The stipend of \$43,121.25 is paid out in five equal installments after the employee has separated from employment. Effective September 1, 2019, this stipend has been capped at its current amount. If the benefit were applied to annual earnings retroactively it would represent approximately 3.76% 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 277 certified staff members out of 2482 staff members (2432 certified FTE) meet eligibility requirements. The stipend of \$86,242.50 is paid out in five equal

installments after the employee has separated from employment. Effective September 1, 2019, this stipend has been capped at its current amount. If the benefit were applied to annual earnings retroactively it would represent approximately 7.09% 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 178 classified staff members out of approximately 1791 staff members (1500 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 4.42% 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 178 classified staff members out of approximately 1791 staff members (1500 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 5.84% 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) - Discontinued for new administrative hires effective January 1, 2015. Remains in effect for administrators hired prior to January 1, 2015. ALP is a PERA 401(k) contribution.

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

Currently 110 administrators (31%) out of 352 FTE meet eligibility requirements in one of the above categories. When applied to annual earnings, the benefit represents an average of 5.4% per eligible employee for the 2023-24 fiscal year.

Each of these stipend plans 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. As a whole, the administrative, certified and classified pay plans do not exceed the 10% limit established in the interpretation.

**Compliance Statement:**

District performance complies with the policy standard.

- 4. 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 Condition and Activities and 2.3 – Financial Planning and Budgeting monitoring reports.

**Compliance Statement:**

District performance complies with the policy standard.

- 5. 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.

**Data Reported:**

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.

**Compliance Statement:**

District performance complies with the policy standard (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.

**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:**

District performance complies with the policy standard (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 employees have lost benefits already accrued.

**Compliance Statement:**

District performance complies with the policy standard (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 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 and increases granted to all other administrative staff.

**Compliance Statement:**

District performance complies with the policy standard (2.6.5.d).

**6. POLICY PROHIBITION:** *The Superintendent shall not hire any former board of education member as an employee, a contract worker, or a consultant, who has not been separated from the district for at least six months.*

I interpret “*Hire any former board of education member as an employee, a contract worker, or a consultant, who has not been separated from the district for at least six months.*” to mean: A school board member who separated from the Board of Education will be required to have a six month separation before being considered for any type of work involving compensation for services or products.

**Data Reported:**

No former Board of Education members were hired by the district in any capacity for the reporting period.

**Compliance Statement:**

District performance complies with the policy standard.

**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. No independent contractors have been engaged during the monitoring period on terms that would cause jeopardy to the district’s fiscal integrity or public image.

**Compliance Statement:**

District performance complies with the policy standard.

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. No volunteers have been engaged during the monitoring period on terms that would cause jeopardy to the district’s fiscal integrity or public image.

**Compliance Statement:**

District performance complies with the policy standard.

**The Board acknowledged receipt of a monitoring report as of September 6, 2023, for the period August 17, 2022 through August 14, 2023 of the Superintendent concerning Board Policy 2.6 Employment, Compensation and Benefits and found the Superintendent's interpretations were reasonable and supported by data that was relevant, justified and complete.**