COLORADO SCHOOL DISTRICT 27J
GOVERNING POLICY OF
THE BOARD OF EDUCATION

Policy 3.G – COMPENSATION & BENEFITS

Date Adopted/Last Revised: January 27, 2009

Management Limitations

Executive Limitation 3.G
Compensation and Benefits

To: Board of Education

From: Dr. Chris Fiedler, Superintendent of Schools

Re: Expectations of the Board – 3.G Compensation and Benefits

I hereby present my report on Compensation and Benefits, Executive Limitation 3.G, in accordance with the schedule as set forth in Board policy. I certify the information in this report is true.

Signed: ___________________________________ Date: March 8, 2023

Superintendent, 27J Schools

The Superintendent will not cause or allow jeopardy to the organization's fiscal integrity or public image when dealing with employment, compensation, or benefits for employees, consultants, or contractors.

I interpret <u>cause or allow jeopardy to the fiscal integrity or public image of the District</u> to mean that I must ensure that District-funded personnel costs will not produce an unfunded obligation for the District such that the District will not be able to meet its payroll and service payables. The District also conducts background and reference checks and completes CDE licensure verifications as appropriate in order to not impact negatively the district's public image by employing unqualified personnel.

I interpret <u>consultants and contractors</u> as suppliers who provide specialized services. These individuals are on contracts which are temporary in nature with a start and an end date agreement.

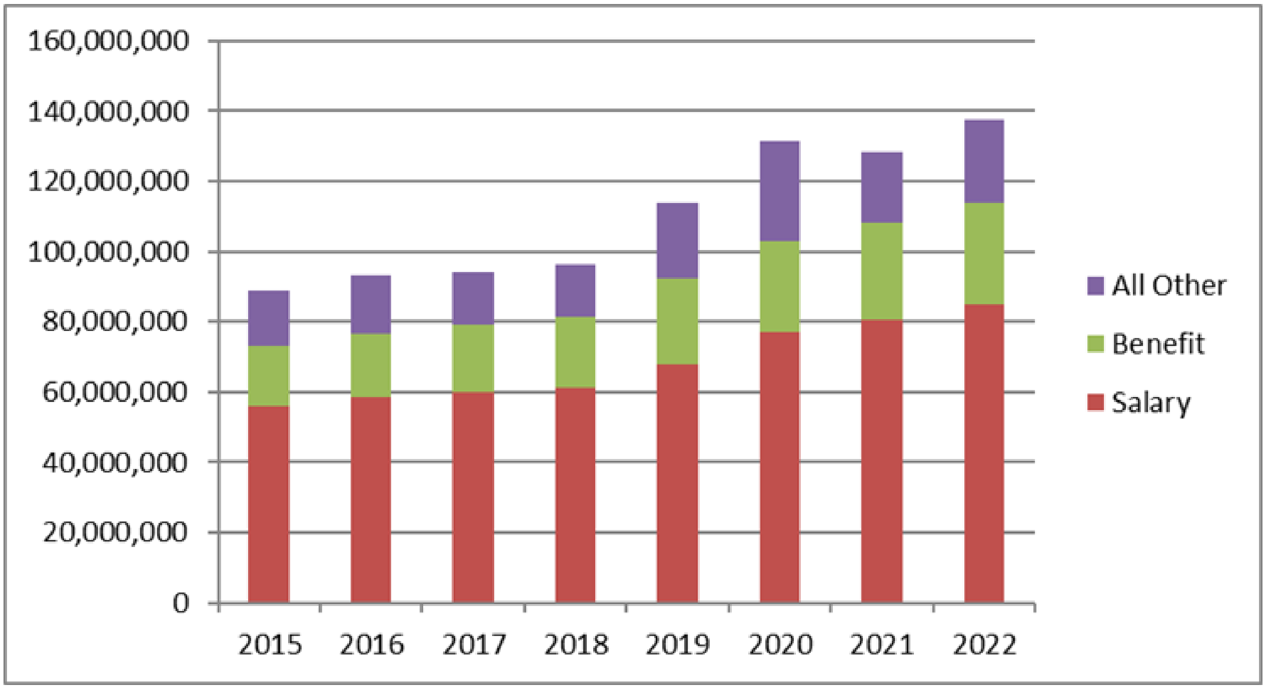
Data Reported

For fiscal year 2021-2022, \$118,786,674 is budgeted for salaries and benefits in the General Fund. Actual expenditures for the fiscal year are \$113,858,287 or \$4,928,387 less than the revised budget. The difference is primarily due to budgeted reserves for staffing allocations and compensation for current and future fiscal years.

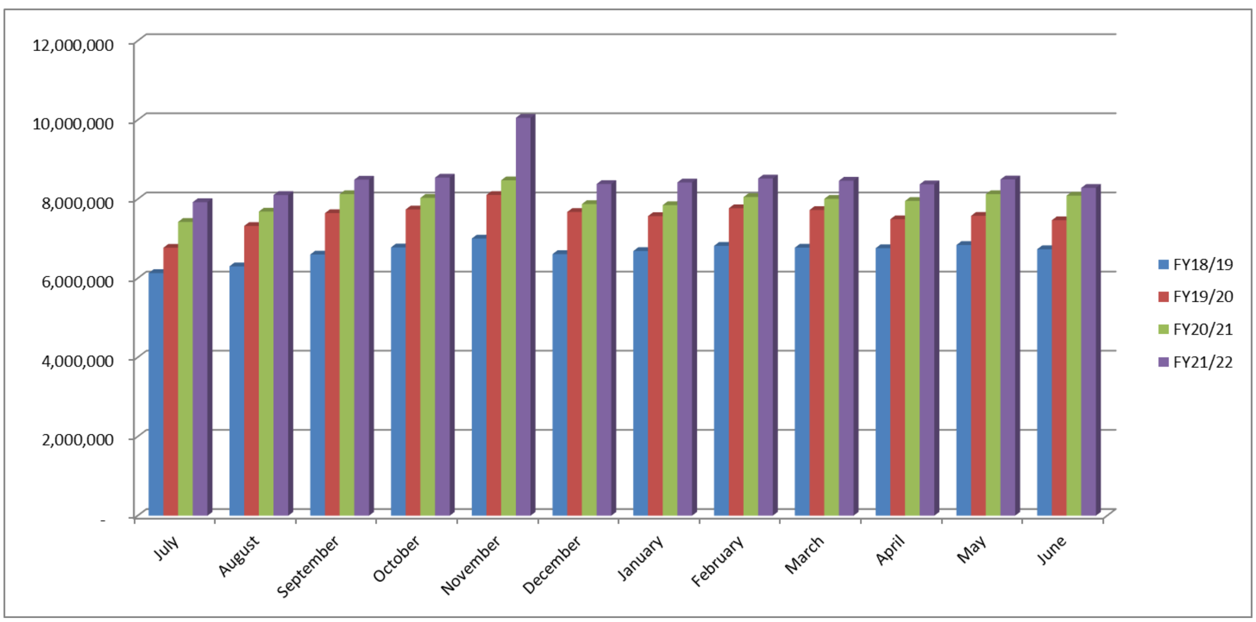
Salaries and benefits currently account for 82.8% of General Fund expenditures. The graph below shows the expenditure history in salaries and benefits for the past eight (8) years. Salaries are approximately 62% of the total budget.

Salary and Benefits vs. Total General Fund Expenditures

Below is an illustration of personnel costs (salaries) for fiscal year 2018 through 2021. The District paid 3.7% negotiated compensation increase district-wide in fiscal year 2017-18, a 3.93% district-wide in 2018-19, a 4.0% increase in fiscal year 2019-2020, a 3.47% increase for fiscal year 2020-2021.



Below is an illustration of personnel costs (salaries) for fiscal year 2019 through 2022.



To protect the District's public image, the District conducts background checks and reference checks, drug testing as required by law, and completes licensure verifications for certified staff. This prevents the District from employing unqualified or unsafe personnel, which would negatively impact the District's public image.

The image of the District as it pertains to employment can be measured by the number of position openings versus the number of applicants. An organization that possesses a valuable reputation as a quality employer will have a large of number of applicants for its available positions.

The graph below compares the number of new certified and classified hires to the numbers of applicants for these positions.

Certified:

Year	Applicants	New Hires
2022	1383	193
2021	1111	145

Classified:

Year	Applicants	New Hires
2022	1558	163
2021	1245	176

Poorly performing employees and employee misconduct were not allowed to jeopardize the District's public image without action.

Turnover Causes - Classified Staff 2020-2021

Retired	Resigned	Dismissed	One Year Only	FMLA Ended	Probationary Period	No Call No Show
16	232	14	0	0	0	4

Turnover Causes – Certified Staff 2020-2021

Retired	Resigned	Non Renewed	One Year Only	LOA	110	Deceased
11	187	12	0	7	`5	2

With regard to investigations and employee discipline, the District works to handle situations promptly, legally, and fairly to prevent extensive and lasting damage to public image. The District's actions are consistent with Board Executive Limitations and Superintendent Policy.

A further indicator of compliance with Superintendent Policy is in the successful completion of negotiations with the employee associations and continued engagement and problem-solving with both associations. In the spring of 2022, interest-based negotiations culminated in contract extensions.

Conclusion: I report compliance.

The Superintendent will not:

1. Change his or her own compensation or benefits.

I interpret <u>change his or her compensation and benefits</u> to mean: The Board of Education sets the annual compensation and benefits package for the Superintendent.

Data Reported

I have not initiated any changes to my base salary, benefits, and/or other financial incentives outside of those outlined in the contract between myself and the District executed November 12, 2019 for the period July 1, 2021 through June 30, 2022, I was given a 2.5 % increase.

Changes to my annual contract are initiated by Board of Education, implemented by Human Resources and reviewed for quality assurance by the Payroll department. In addition, external auditors include this review as part of their auditing process and report.

<u>Conclusion</u>: I report compliance.

The superintendent will not:

2. Promise or imply anything other than "at-will" employment except designated classified and certified employees.

I interpret <u>at-will employment</u> to be an employment relationship that can be terminated by either party at any time for any reason.

I interpret <u>designated classified and certified employees</u> as those employees who have entered into an express contract governing the employment relationship and those who are covered under a union collective bargaining agreement.

Data Reported

Applicable state and federal laws along with Superintendent Policies, Master Agreements and other employment-related contracts prohibit language that indicates entitlement to employment beyond the current fiscal year and provide for staff reduction as may be required. These documents provide for the discontinuance of the employment relationship as defined below:

Exempt Staff:
Certain employees within this classification are employed on a year-to-year basis and provided with an updated contract annually. Employees who are not issued contracts are employed on an at-will basis and the employment relationship can be severed at any time by either party.

Certified Staff:
State Statute C.R.S. 22-63-203 (2)(a) *Teacher Employment, Compensation and Dismissal* indicates that all teachers new to the District, regardless of their previous experience, are subject to non-renewal during the first three years of employment.

Upon completion of the probationary period, teachers are subject to C.R.S. 22-63301 *Teacher Dismissal* and are therefore subject to dismissal on statutory grounds. The statute and the Master Agreement require that the removal of non-probationary staff must be based on just cause and due process. The Master Agreement under Article 7 – Evaluation has a process for supporting and dismissing non-probationary teachers for teaching performance called the Intensive Track.

In the case of a reduction in force, the certified bargaining agreement contains specific guidelines for the implementation of a reduction as outlined in "Article 11 – Reduction in Force." The ability to implement staff reductions supports a year-to-year employment relationship.

Classified Staff:
Reductions in force for classified staff can be accomplished as outlined in the Classified Master Agreement Article 13 – "Layoffs" and Article 14 – "Reduction in Force." Classified staff can be reduced with ten (10) days' notice.

Substitute Staff:
Substitute staff are at-will employees. The employment relationship can be severed at any time by either party.

Conclusion: I report compliance.

The superintendent will not:

3. **Establish current compensation and benefits that deviate materially from the geographic and/or professional market value for the skills employed.**

I interpret *deviate materially from the geographic or professional market* *to mean salary plans and other financial enhancements, as part of total compensation, will align with our organizational value of providing employee compensation at a level that allows us to become and remain an employer of choice in the market while remaining financially responsible.*

Data Reported

Salary:

In the spring of 2022, the District negotiated compensation increases of 5% to each employee group. This increase represented the highest increase in recent memory.

Further, the District maintains an additional mechanism to target individual positions to match the position salary range to other comparable districts, "The Market." The District works to remain 5% below to 3% above the comparison average with area school districts in minimum, midpoint, and maximum salaries.

Each year, Oehm Consulting Services, Inc. (OCS), the District's compensation consultant, conducts salary surveys among Colorado school districts to support analysis. For compensation distribution purposes, market comparisons are conducted on a three year rotation. In the spring of 2019 the District changed its tolerance target low from -7% to -5% to keep pay competitive in a fast growing economy.

Certified Staff:
For certified positions, an analysis of selected points on the salary schedule was conducted by 27J HR in February of 2022 by comparing salary schedules of metro area districts. The results for certified positions showed range 5.73% to 19.21% below market. The District targeted a 5% base increase to certified staff and a 10% market increase. The District executed half of the 10% market increase for 2022-2023 ($3,700,000) with the second half of the increase targeted for 2023-2024.

Classified Staff:
For 2022-2023, classified positions were adjusted fully to the OCS recommendations and received adjustments totaling $1,079,868 school year.

Exempt Staff:
Exempt staff positions were reviewed by OCS in spring of 2021 and the recommendations were held back for 2021-2022 due to the concerns over the gap between certified pay and the -5%

target. For 2022-2023 (this current year) half of the amount scheduled was released totaling just over $341,000. The District's budget committee targeted this year as a priority to release the second half of exempt market adjustments.

<u>Benefits Comparison</u>

Benefits Background:

More than a decade ago the District introduced and funded Health Savings Accounts for those eligible members. HSA participation requires membership within a qualifying high-deductible health plan. The District also offer a deductible HMO plan (DHMO). Both insurance plans are offered by Kaiser. The District uses HSA bank to administer the Health Savings Accounts.

The key benefit of HSAs is that 100% of the money from 27J Schools that goes into these accounts can be used on health care expenses and that any unused funds from one year, carry over in our members' accounts to the following year. This cuts out the "insurance leak or profit" that the District (and it's plan members) experience on money paid to Kaiser for insurance coverage. The District's plans balance the security of comprehensive insurance from Kaiser, with the savings and incentives for members to invest in their own health that Health Savings Accounts provide.

The District maintains an insurance committee with representatives of each employee group (include the CCSEA president and BEA president) that reviews plan options each year and recommends plan design each year to the executive leadership.

27J HDHP HSA accounts total $6,896,365 for an average of $5,229 per plan member.

Benefits – District Comparisons:

1. Our total costs of health care insurance (Kaiser premiums plus HSAs) compare well with other school districts and the actuarial value of the plans provided. Our plans continue to offer a higher actuarial value for each dollar we spend as a district than other school districts.

2. The share of costs the District passes onto employees are within the range of highest to lowest offered by other school districts.

3. Every year the District has increased the average HSA balances across our membership. The impact of this is that, on average, our members enjoy better coverage with each passing year, which is exactly the opposite of how most plans operate (where each year a premium increase and a benefit reduction have been "par for the course").

- The District contributes $304.19 to HDHP employees into HSA accounts. Only two of the seven other compared districts contribute to HSA accounts at $134.05 and $35.00 respectively.

- The comparison districts' average employee-only cost to the employees is $38.47 per month. The average cost to the employee of the two 27J plans is $38.00 per month. On the 27J HDHP plan members pay $0 per month. On the 27J DHMO plan members pay $76 per month.

- The comparison districts' average high cost plan to the employee is $96.04 monthly. The comparison districts average low cost plan to the employee is $26.42 monthly. On the 27J HDHP plan members cost is $0 and receive $304 in HSA funding per month. On the 27J DHMO plan members cost is $76.00 per month

- The comparison districts average of employee/family plan cost to the employee is $1,018.06 per month. On the 27J HDHP, plan members pay $1,159.08 per month; 27J contributes $608.33 to HSA funding per member per month. On the 27J DHMO, plan members pay $1,519.08 per month.

Staff Wellness-Self Care

2021-22 - Employee Health & Wellness Programs, Event Challenges & Activities Highlights
Overall Employee Engagement: Teams, Social Engagement, and Fun were three feedback patterns that we heard about from this period of programming and events. Here is a small sampling of what our staff had to say. (unsolicited) *That was fun! - It was a tough one, but I really enjoyed the experience of pushing myself - I like these kind of activities as they keep me motivated to move - And for always finding ways to motivate us - We love to participate - I'll be honest at first I wasn't sure "I had time for this", but kept on getting pulled to it - It was just what I needed.*
Walktober, Feel Like a Million, Habits Based, Summertime, American Heart Association Campaigns: In the 2021 and 2022 time period, we took and continue to take pride in offering scientifically researched Well-Being Campaigns (mostly - other than the ones we create). These varied campaigns specifically offered exposure and experiences that informed, supported, and provided tools and resources that invited our employees to become self advocates for gaining and/or sustaining their health.
Kaiser Permanente Flu Vaccines / Know your Numbers / Weight Management: Our Know Your Numbers and Weight Management wellness initiatives were implemented last year to help staff to either get off to solid start with their real personal heath data or affirm their health choices were on track. Proof in numbers and self-monitoring activities such as keeping track of nutrition, exercise, health vaccines, etc. even somewhat consistently were predictors (or not) of successful outcomes. Knowing actual personal data did enhance

perspective and with engaged employees the information lead to increased efforts of participation and as we were told, making healthier habits their own.
Self Compassion Retreat & Thriving Through Change Virtual Training: The central objective for the Self-Compassion retreat in particular was stress reduction. In taking dedicated, purposeful time to retreat our staff participants were encouraged to being open to whatever was happening with kindness, gentleness and even humor towards themselves. Practices were either micro or longer in length and focused on; **A**ttention - **B**alance (emotional regulation) – **C**ompassion - **W**orking with implicit/unconscious biases and - **S**upporting trauma informed responses. The offerings were valuable to those who sought out ways to actively manage and/or reduce their stress or generally support themselves.
Employee Assistance Program resource utilization: Our Employee Assistance Program Annualized Utilization Rate for 2021 was 18.5% up .50 from the prior time period. Total Member Services Requested included: Telephonic Clinical Support, Face to Face Counseling Referrals, Televideo Counseling Cases, Worklife Requests, Legal/Financial Referrals, General Consultation & Referrals. Individuals that used the services (returning member) the year prior rose to 63.3% over the prior year of 55.0%. The top two presenting issues during this time period were anxiety and relationships. In the same period of time, more employees sought assistance than their dependents in the prior year.
Community Support for Colfax Marathons Relays & City of Brighton Walk/Run Turkey Trot 5K: These two events are always quite popular. Running 26.2 miles through our Mile High City and sharing the experience with co-workers at your school is the best according to our staff. Teams of five employees from various district schools train to run in Denver's only 26.2 mile Marathon Relay – and Colorado's largest Public Schools Race. The real results are ultimately the team-building experience! Our city's (Brighton) Turkey Trot annually supports Seniors in our community!

Conclusion: I report non-compliance.

The superintendent will not:

4. Pertaining to consultants and contract vendors, create obligations over a longer term than revenues can be safely projected, in no event longer than one year.

I interpret <u>obligations</u> to mean total compensation costs, inclusive of accrued benefits paid out on an annual basis.

I interpret <u>one year</u> to mean the fiscal year beginning July 1of any given year and ending June 30 of the following year.

Data Reported

Each year the District purchases a variety of services. From July 2021 through June 2022, we had 1207 instances where services were purchased. Most of those services were a one-time event or fall within a single fiscal year. If for any reason the services provided exceed a fiscal year, a contract is written, each of which includes a non-appropriation clause which enables the District to terminate the agreement at the end of the contract period without further obligation or penalty. This termination may be done in cases where the District is unable to obtain funding for future payment obligations on the contract. Such clauses are required to be compliant with the Taxpayer Bill of Rights (TABOR).

<u>Conclusion</u>: I report compliance.

The superintendent will not:

5. Establish or change retirement benefits so as to cause unpredictable or inequitable situations.

I interpret <u>unpredictable or inequitable situations</u> to mean those occurrences in which employees are entitled to financial enhancements that are in addition to base compensation and contribute to total compensation which cannot be planned for in the current fiscal year or three-year projections budgeting process. The three-year projection is reasonable because the revenue projections are based upon Colorado Department of Education data, current legislation impacting the School Finance Act, CSAFE and Colorado Trust, as well as historical trends for specific ownership taxes and collection of property taxes.

Data Reported

All employees are covered by the Public Employees Retirement Association (PERA) which provides a defined-benefit pension to qualified retirees from the District.
In addition, certain employees with 20 or more years of service are eligible for additional benefits from the District upon their retirement. While the District plans annually for these service benefits, they are not considered an unfunded liability per the Governmental Accounting Standards Board as verified by external auditors.

Certified Long-term Service Benefit
Currently four certified staff members who have 20 or more years of service are eligible for a long-term service payment per section 10-10-1 of the BEA Master agreement. Eligible employees who voluntarily resign or retire shall receive a payout that equals the difference between the teacher's actual salary for the 2008-2009 school year and the $45,128.65 average salary of full-time teachers hired by the District during that school year. If all four certified employees were to claim this average benefit a resulting liability of approximately $77,009.91 would be incurred.
This benefit is being phased out and no additional administrators or certified staff members will be eligible for this benefit in the future.

The following budgetary sources are available in the unlikely event funding is needed to cover the potential liability:

1. The District has 500 probationary teachers who could be non-renewed at a cost of $43,142,305.

2. The District has 750 classified staff who could be reduced with a 10-day notice $27,000,000.

3. The District has 149 administrative/professional technical staff members who are on year-to-year contracts and may be reduced as necessary total of $21,304,415.

The current structure of retirement benefits is equitable across employee groups. Retirement payouts are being phased out in all employee groups. Only a limited number of employees who are "grandfathered" into the program are eligible for the payout and no new employees will become eligible.

In addition, these benefits are relatively predictable. In the case of certified employees, the payout is a static amount that can be calculated now and predicted in future budget years. In the case of classified staff, the payout has ended. District retirement benefits are now both predictable and equitable.

Conclusion: I report compliance.