

TO: Board of Education
FROM: Philip Bender, Superintendent
DATE: June 24, 2013
RE: Approval of Salary Increases for Exempt Staff Effective July 1, 2013

Background

At the January 28, 2013 Board of Education meeting, then Board President John Heyde presented an approach for setting compensation for administrators and exempt employees. The proposal offered a framework for setting these salaries moving forward, which included for the first time, an explicit consideration of merit in salary increases. The framework called for increases within a modest range of 0-4%, which in effect would place the current and most recent CPI factors roughly in the middle of the range for salary increases. The proposal also offered the Superintendent the ability to deviate up or down from this CPI figure as appropriate while staying within the range. The Superintendent also would prepare a confidential update on the merit increases for the Board annually. Salary levels would be benchmarked periodically as well.

Board members discussed key components of this approach during the public meeting. Those discussions included the proposed total budget equal to an increase of 2.75% to distribute to these employees, whether the 2.75% would be the same for the five years proposed for this system or whether it would vary annually with CPI. Other possible total budget percentage amounts, alternate periods for the framework to be in effect, what evaluation rubric would be followed, and the difficulty of developing a rubric for this 2012-13 school year also were discussed.

The Board considered several amendments to the proposed framework, and eventually adopted the following motion (Action Item 13-01-6): "...to accept the framework proposed for adjusting salaries for administrators and non-exempt (non-hourly) employees in District 64 to expire after the 2013-14 school year."

Recommendation on Salary Increases for 2013-14

Pay adjustments based on "merit" are by definition based on past performance. Unfortunately, evaluation procedures were already well underway with members of these groups for the 2012-13 year when the Board adopted the merit-based approach seven months into the work year. This meant that the concept of "merit" could not be effectively incorporated into the evaluation process already in use for 2012-13.

The result of this timing is that the "merit" approach cannot be used as the sole basis in the salary recommendations for the 2013-14 school year. However, administration will fully implement a performance evaluation procedure for 2013-14 that will tie salary increases in 2014-15 to the Board's desired "merit" approach. Each contract or agreement with an exempt employee for 2013-14 will clearly state that any salary increase for 2014-15 will be made based upon their evaluation with a rubric developed jointly with those involved in the evaluative process. This will allow the evaluator to fully involve the employee throughout the process to meet the spirit behind the Board's

“merit” pay framework. The results of this new evaluation approach would be utilized to set salary increases for the 2014-15 school year, per the Board’s action in January 2013.

For 2013-14 salary increases, I have completed a comprehensive review of the evaluations for each exempt employee presented for approval by the Board. I believe that each of these employees is entitled to a salary increase, and recommend that the Board approve an increase of 2.75% for each position listed on the agenda. This action would be consistent with the District’s past practice, and meets the budget guidelines in the Board’s framework approved in January. However, I further recommend that each employee be notified of the changes to the District’s approach to their evaluation under a merit-pay framework for their work beginning July 1, 2013, and that this evaluation would be used to set their compensation for the 2014-15 school year.

This dual recommendation for 2013-14 will allow the Board to realize its goal to shift exempt staff to a merit-based pay and evaluation system, while allowing every employee a fair opportunity to fully invest their energies into a new incentive structure from the outset of the new contract year.

The Board should take formal action again in spring 2014 to consider continuation of the merit pay framework.