

**Portage Public Schools
Monitoring Report**

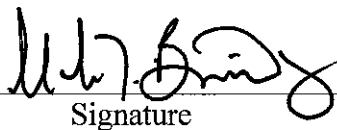
Policy Type: Executive Limitation
Policy Title: (2.3) Compensation and Benefits

Global Board Policy

With respect to 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.

Certification

I hereby present my monitoring report on Executive Limitation, 2.3, "Compensation and Benefits" in accordance with the monitoring schedule established by the Board. I certify that the information provided in this report is true as of November 2, 2016.



Signature

11.9.16

Date

Interpretation

I submit that the Board's Policy is comprehensively interpreted in the succeeding five sections. My interpretations of those sections, the report, and conclusion statements are presented below.

Monitoring Report

Page -2-

Policy Type: Executive Limitation

Policy Title: (2.3) Compensation and Benefits

2.3.1 POLICY LANGUAGE

The Superintendent shall not change his or her own compensation and benefits, except as directed by the Board.

Interpretation

I interpret this to mean that only through Board action can there be a change to the Superintendent's Contract.

Report

The initial contract was entered into on July 2, 2013.

At its meeting on August 17, 2015, The Board approved a one year extension to the Contract with no changes to compensation and/or benefits. The Contract lists June 30, 2018 as the expiration date. On December 7, 2015 the Board amended my contract to increase the amount of the tax-sheltered annuity.

Conclusion Statement

The organization met expectations.

2.3.2 POLICY LANGUAGE

The Superintendent shall not promise or imply permanent or guaranteed employment.

Interpretation

I interpret this to mean that District Operational Policies and Guidelines, Master Agreements and other employment contracts do not contain language that indicates entitlement to employment beyond two fiscal years, and provides for staff reduction as may be required.

Report

Administrators – Employees with Administrative contracts (July 1 through June 30 or August 1 through June 30) receive contracts that are not longer than two years in duration. These contracts require Board approval and are signed by the Board's President and Secretary.

Certified Staff – State statute outlines that all new teachers, regardless of their previous experience, are subject to non-renewal during their first five years of employment with the District. Upon completion of this five-year probationary period, teachers are subject to the Teacher Tenure Act and therefore, subject to dismissal only on statutory ground.

Other staff – Whether covered by a collective bargaining unit or not, all other employees are essentially considered "at-will".

Monitoring Report

Page -3-

Policy Type: Executive Limitation

Policy Title: (2.3) Compensation and Benefits

Operational Policies are consistent with this limitation.

Conclusion Statement

The organization met expectations.

2.3.3 POLICY LANGUAGE

The Superintendent shall not establish current compensation and benefits which deviate materially from the geographic or professional market for the skills employed.

Interpretation

I interpret this to mean that hourly rates, salaries and other benefits are competitive within the greater Kalamazoo County area. When comparisons within this area cannot be made or data is unavailable, districts within the State of Michigan which are of similar size and demographics will be used.

Report

Prior to the negotiations and the budget development process, the District's Human Resources team reviews appropriate data to ensure that the compensation and benefit programs are in-line with both the geographic area and similarly situated school districts. This is done through local salary survey review (when applicable) and by inspecting contracts of like groups in other districts. When potential discrepancies are found, the District works to make modifications either through individual adjustments or through gradual increases and changes to salary scales. This ensures both fiscal responsibility and continued commitment by the District to achieve as much equity as possible for skilled groups.

Conclusion Statement

The organization met expectations.

2.3.4 POLICY LANGUAGE

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.

Interpretation

I interpret this to mean that total compensation costs, including accrued benefits paid out on an annual basis, are analyzed and integrated into budget planning for the current fiscal year and the following year projections without creating a violation of Governance Policy 2.5, Financial Conditions and Activities.

Monitoring Report

Page -4-

Policy Type: Executive Limitation

Policy Title: (2.3) Compensation and Benefits

Report

The salary schedules used in the District provide the ability for compensation increases on an annual basis. These are normally referred to as “step” increases. Implementation of steps as well as any increases to salary schedules is dependent upon state revenues and subject to the collective bargaining process where applicable. Budget planning takes into consideration annual and one-year projections that include compensation and benefits.

The organization was in compliance with Governance Policy 2.5 as approved by the Board on October 10, 2016.

Conclusion Statement

The organization met expectations.

2.3.5 POLICY LANGUAGE

The Superintendent shall not establish or change pension 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 are not prohibited.
- C. Allow any employee to lose benefits already accrued from any foregoing plan.

Interpretation

I interpret this to mean that procedures are in place within the Business Office and the Human Resources Department to ensure compliance with the State’s regulations related to Michigan Public School Employees Retirement System (MPSERS).

- Any other pension liabilities are identified and sufficient assets allocated to fund those liabilities.
- All full time employees employed by Portage Public Schools, in addition to MPSERS benefits, may receive additional pension benefits.
- For any additional pension plans that are established for employees, the contributions made to those plans belong to the employee.

Report

The Michigan Public School Employee Retirement System (MPSERS) is regulated and directed at the State level. The State specifies the rates for each eligible employee. The Business Office and Human Resources Department have administrative procedures in place to ensure that funds are transmitted to the State to cover these liabilities.

Monitoring Report

Page -5-

Policy Type: Executive Limitation

Policy Title: (2.3) Compensation and Benefits

The District maintains a Performance Pay Plan which meets the requirements of Section 457 of the Internal Revenue Code of 1986. This Plan applies to District Administrators, except the Superintendent, and was established to encourage administrative employees to achieve a high level of performance and to encourage longevity with Portage Public Schools. Contributions made by the District to this Plan are located in a trust account expressly for this purpose. There have been no contributions to this plan since 2010. In other words, Administrators hired since 2010 are essentially not part of the plan and all other Administrators have not had contributions made on their behalf to the plan since 2010.

All employees of Portage Public Schools, full and part time, belong to MPSERS.

The District provides to all Administrators, both 403B and 457 tax sheltered annuity programs. The Board contributes two percent of each Administrator's annual salary into a program selected by the Administrator. The District also provides an additional annuity payment of one percent for those Administrators who are at the top step of their salary range. These payments go directly to the selected program and are under the control of the Administrator.

Conclusion Statement

The organization met expectations.