



MAGNOLIA PUBLIC SCHOOLS

Board Of Directors

Board Agenda Item #	II D
Date:	May 12, 2016
To:	MPS Board of Directors
From:	Terri Boatman, Director of Human Resources
Staff Lead:	Terri Boatman, Director of Human Resources
RE:	2016-2017 Home Office Compensation and Headcount

Proposed Board Recommendation

I move that the board approve the new pay bands and Home Office Positions for the 2016-2017 school year.

Background

One of the most basic functions of management is to establish a compensation scheme that is competitive and equitable and that promotes employee engagement and high performance. A well-designed compensation philosophy supports the organization's strategic plan and initiatives, business goals, competitive outlook, operating objectives, and compensation and total reward strategies.

For recruiting and retention purposes, we recommend establishing salary ranges and pay bands to CMO positions versus applying compensation per the pay sheets.

Salary range is the range of pay that has been established to be paid to employees performing a particular job or function. Salary range generally has a minimum pay rate, a maximum pay rate, and a series of mid-range opportunities for pay increases. The salary range was determined by market pay rates, established through market pay studies, for people doing similar work in similar industries in the same region of the country.

Pay rates and salary ranges are also set up by individual employers and recognize the level of education, knowledge, skill, and experience needed to perform each job. The salary range demonstrates the interrelationships of the jobs utilized by an employer. The salary range reflects our needs such as the overlap in salary ranges that will allow career development and pay increases without promotion at each level and the percentage of increase the organization will offer an employee for a promotion.

Currently CMO salaries are based on the components of the pay sheet. The pay sheet identifies compensation components based on a variety of variables including degree, credential, years of experience, time with Magnolia and extra duty. In theory, a member of the finance team will not



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13950 Milton Ave. 200B Westminster, CA 92683

P: (714) 892-5066 F: (714) 362-9588

have a credential, and the degree should be a consideration in the offer process, but not necessarily be a variable in compensation decisions, as years of experience may off set formal learning.

In addition, we face recruiting competition from other non-profits, CMO's and for profit businesses. An analysis of financial and technical roles shows that Magnolia's current compensation scale lags in comparison to other industries and non-profits in Southern CA.

Budget Implications

There is an add to the total number of finance positions of two (Account Payable Associate and Purchasing Associate) which have been included in the Home Office budget for 2016-2017 in temp costs. Finance is also adding a required Senior Financial Analyst position.

Current temp costs are approximately \$150k for the two temp positions. There will be a savings of \$45k per year by hiring these positions full time.

The net overall increase to home office budget is estimated at \$57k (not including employee benefits). In addition, we would like to consider an overall salary increase to the home office staff of 2%.

Name of Staff Originator:

Terri Boatman

Attachments

2016-2017 CMO Scale

**Magnolia Home Office Salary Bands
2016-2017**

Department	Current Job Title	New Job Title	FLSA Status	Band	Min	Mean	Max
C-Level Positions	All C-level positions		Exempt	15	\$ 100,000.00	\$ 150,000.00	\$ 190,000.00
	Chief of Staff	Chief Operations Officer					
	Chief External Officer						
	Chief Academics Officer						
	Chief Financial Officer						
	Chief Human Resources Officer						
Administration	Regional Director						
	Administrative Assistant	Administrative Assistant	Non-Exempt	9	\$ 20.00	\$ 25.00	\$ 31.00
	Academic Admin Assistant Fellow	(Ed Pioneers)	Non-Exempt Exempt	9	\$ 20.00	\$ 25.00	\$ 31.00
Information Technology/Facilities	Infrastructure Telecom Manager	IT Director	Exempt	13	\$ 92,400.00	\$ 103,500.00	\$ 114,600.00
	IT Coordinator	Computer Systems Administrator	Exempt	12	\$ 74,900.00	\$ 85,398.00	\$ 105,294.00
	Operations, Project Manager		exempt	13	\$ 92,400.00	\$ 103,500.00	\$ 114,600.00
Academic	Deputy CAO		Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	Instructional Data Support		Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	Blended Learning and Science Advisor		Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	Director of Student Affairs	Director of Special Programs	Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	Director of Instructional and Curricular Models		Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	Manager of Assessments and Academic Information		Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	Director of Accountability		Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	EL Coordinator		Exempt	12	\$ 74,900.00	\$ 85,398.00	\$ 105,294.00
External Communications	New School Development Fellow		Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	Director of Parent and Community	Program Manager (Parent and Community)	Exempt	12	\$ 74,900.00	\$ 85,398.00	\$ 105,294.00
	Director of Partnership Development		Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	Communications Specialist		Exempt	10	\$ 43,387.00	\$ 52,778.00	\$ 63,941.00
Finance	Senior Financial Analyst		Exempt	12	\$ 73,433.00	\$ 88,542.00	\$ 105,144.00
		Senior Financial Analyst I	Exempt	13	\$ 85,000.00	\$ 97,000.00	\$ 109,000.00
	Revenue and Compliance Manager	Revenue and Contract Director	Exempt	13	\$ 90,000.00	\$ 101,000.00	\$ 112,000.00
	Accounts Payable Associate		Exempt	10	\$ 43,387.00	\$ 52,778.00	\$ 63,941.00
	Purchasing Associate		Exempt	10	\$ 43,387.00	\$ 52,778.00	\$ 63,941.00
Human Resources	HR Manager		Exempt	13	\$ 77,000.00	\$ 89,000.00	\$ 101,000.00
	HR Admin: Benefits and Retirement		Exempt	11	\$ 46,000.00	\$ 58,000.00	\$ 70,000.00
	HR Administrator		Exempt	11	\$ 46,000.00	\$ 58,000.00	\$ 70,000.00
	Office Manager		exempt	11	\$ 46,000.00	\$ 58,000.00	\$ 70,000.00

Home Office Salary Scale

Business Case

One of the most basic functions of management is to establish a compensation scheme that is competitive and equitable and that promotes employee engagement and high performance. A well-designed compensation philosophy supports the organization's strategic plan and initiatives, business goals, competitive outlook, operating objectives, and compensation and total reward strategies. As such, most compensation philosophies define the following basic tenets:

- To identify what the organization's pay programs and total reward strategies are.
- To identify how the pay programs and strategies support the organization's business strategy, competitive outlook, operating objectives and human capital needs.
- To attract people to join the organization.
- To motivate employees to perform at the best of their competencies, abilities and skill sets.
- To retain key talent and reward high-performing employees.
- To define the competitive market position of the organization in relation to base pay, incentive compensation and benefits opportunities.
- To define how the organization plans to pay and reward competitively, based on business conditions, competition and ability to pay.

A strong compensation philosophy is typically tied to an organization's mission, core business, operating strategies and competitive outlook. Some important questions discussed as a leadership team in developing our compensation philosophy follow:

- Does the organization wish to lead, lag or meet the market in terms of compensation and total rewards? How does this decision vary by position type?
- Is the organization currently leading, lagging or meeting the market? Why?
- Where is the organization positioned in terms of market competitiveness?
- What is the organization's mix of base pay, variable and incentive pay, working conditions and benefits offerings?
- How are pay and total rewards distributed?
- Do employees value the organization's programs, including pay, health care benefits, retirement and savings benefits, vacation and paid time off, incentives, and profit sharing?
- What are the strengths and weaknesses of the organization's current compensation and total rewards programs?

- Is the organization able to attract, hire and retain the resources it needs to be competitive and operationally effective?
- Does the organization have any potential constraints in executing a unified and consistent compensation philosophy, such as legal, union and non-union issues, internal and external labor markets, or special contracts?
- How long do employees stay with the organization?
- What is the turnover rate at the organization?
- Why do employees leave the organization? Where are they going?
- What are the organization's career development and promotion policies and strategies?
- What is the organization's labor mix?
- Who are the organization's main competitors?

Current State:

Currently CMO salaries are based on the components of the pay sheet. The pay sheet identifies compensation components based on a variety of variables including degree, credential, years of experience, time with Magnolia and extra duty. In theory, a member of the finance team will not have a credential, and the degree should be a consideration in the offer process, but not necessarily be a variable in compensation decisions, as years of experience may offset formal learning.

In addition, we face recruiting competition from other non-profits, CMO's and for profit businesses. An analysis of financial and technical roles shows that Magnolia's current compensation scale lags in comparison to other industries and non profits in Southern CA.

Recommendation:

For recruiting and retention purposes, we recommend establishing salary ranges and pay bands to CMO positions versus applying compensation per the pay sheets.

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increases without promotion at each level and the percentage of increase the organization will offer an employee for a promotion.

The salary range for executive-level positions is normally the largest; the salary range for lower-level positions is normally the narrowest.

Salary range is also affected by additional demographic and market factors. The number of people available to perform a specific job in the employer's region, competition for employees with the needed skills and education, and the availability of jobs, in general help employers set the salary range for a particular job.

Process:

Building a market and performance based pay structure encompassed the following steps.

Steps	Activities
Gathering background information	Job Analysis, Job Description, and Department Identification
Determining source of external data	Utilized external comp data from Towers Watson, Salaries.com, Edjoin and other CMO's.
Conduct market data analysis	Completed using sources listed above.
Develop pay structures and bands	8-Entry Level 9-Non-exempt hourly 10-Entry Level exempt 11-Intermediate (or Individual contributor) 12-Manager level (Or Highly Proficient) 13-Director Level 15-Chief level
Implement and evaluate the new pay structure	New contracts will be issues after approval from Board

Potential Concerns:

- Compression and equity: we may want to consider adjustments that address undesired compression, such as closeness in pay rates, between employees.
- Length of Service: We may consider adjusting pay rates to reflect length of service, experience or performance. In these situations, employees' pay rates may be increased a certain percentage above the range minimum for each year of service or higher level of performance. Employees with pay rates higher than the recommended adjusted rate would receive no increase; employees with pay rates lower than the recommended adjusted rate would receive an adjustment. For example, organizations that want to recognize years of service might increase each employee's pay 3 percent for each year of service in the position, up to 10 years.
- New Employees: Pay rates for new employees are set at the minimum of the range. Any exceptions must be approved by the CEO, COO and/or CFO and must be documented.
- Annual Increases: Annual increases will be tied to the annual performance ratings. Employees who rate a "meets expectation" would receive the budgeted increase amount whereas an employee who rates above average would be eligible to receive a higher percentage increase.

Summary:

We believe that moving toward salary banding and salary scale based on the external market will drive employee engagement and help Magnolia attract top talent for all functions.

With the Board's approval, we will finalize the process which we have already undergone with IT and Finance positions and have a final compensation plan for the Board to approve at the next meeting.

Upon approval, we will extend new contracts to employees which will reflect their new rates.

Our strategy for implementation:

- Raise all salaries to the min for each band and job title.
- Employees whose current salaries within the band will remain at their current rate until next year.
- We will make adjustments for equity if an employee in the department has a pay rate that is lagging behind peers. Adjustments will be based on years of service and performance.

