



STATE OF HAWAII  
DEPARTMENT OF EDUCATION  
P.O. BOX 2360  
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

September 20, 2018

TO: The Honorable Brian De Lima  
Chairperson, Human Resources Committee

FROM: Dr. Christina M. Kishimoto  
Superintendent

A handwritten signature in black ink, appearing to be "CK", written over the name "Dr. Christina M. Kishimoto".

SUBJECT: **Committee Action on Methodology for Compensation Adjustments for Department of Education Leadership Employees (Deputy Superintendent, Assistant Superintendents, and Complex Area Superintendents)**

1. RECOMMENDATION

The Department of Education (Department) requests approval from the Board of Education (Board) of (1) a methodology for compensation adjustments for the Deputy Superintendent, Assistant Superintendents and Complex Area Superintendents based on each individual's performance, and (2) use of funds in an amount not to exceed \$100,000 for increases effective July 1, 2018 based on performance during School Year (SY) 2017-2018.

2. RECOMMENDED EFFECTIVE DATE

July 1, 2018. This date is consistent with the implementation of compensation adjustments for most of the Department's employees and the start of the new fiscal year (FY).

3. DISCUSSION

a. Conditions leading to the recommendation:

Performance management and compensation are two key areas of the Department's Talent Management strategy. To attract and retain skilled executive leaders to carry out the mission and vision of the Department, fair and competitive salaries are essential. Pay increases need to keep pace with inflation as well as be differentiated based on performance.

The 19 positions covered by this recommendation are not included in a collective bargaining unit. Therefore, Board approval of the recommendations is required to make any compensation adjustments for this group of employees. The employees in these positions have been appointed by the Superintendent and their appointments approved by the Board.

b. Previous action of the Board on the same or similar matters:

On June 16, 2015, the Board approved a 4 percent increase in compensation for all of the leadership positions effective July 1, 2015 based on performance and maintaining internal salary parity for all of the positions covered by this request.

On November 15, 2016, the Board approved a methodology for compensation adjustments effective July 1, 2016 based on performance evaluations for SY 2015-2016. The compensation adjustments were effective July 1, 2016 and were based on performance and linked to the consumer price index for Hawaii for FY 2015-2016. Executives who attained an "exceptional" rating received a 4.5% increase; executives who "exceeded expectations" received a 3.4% increase; and executives who "fully met expectations" received a 2.4% increase.

On June 20, 2017, the Board approved continuing the methodology for compensation adjustments tied to performance ratings and the Hawaii consumer price index for SY 2016-2017. Executives who attained an "exceptional" received a 3.75% increase; executives who "exceeded expectations" received a 3.0% increase; and executives who "fully met expectations" received a 2.0% increase. The Board also requested the Department review and, if needed, update the methodology for future leadership compensation adjustments in support of the recommendation.

c. Arguments in support of the recommendation:

The continuation of the compensation adjustments based on performance evaluations will ensure the retention of high-performing individuals with the knowledge, skills, and abilities to continue to support the Board's goals and the Department's strategic plan. In addition, the Board's authorization of compensation adjustments effective July 1, 2018 will assist with future recruitment efforts to fill any potential leadership vacancies within the group.

Hawaii Revised Statutes, section 302A-621, states that the salaries of the Deputy Superintendent, the Assistant Superintendents, and the Complex Area Superintendents shall be set by the Board, provided that the salaries of the Deputy Superintendent, the Assistant Superintendents, and the Complex Area Superintendents shall not exceed the salary of the Superintendent.

Board Policy 500-6 states that the Board shall establish a salary structure that is competitive and commensurate with the duties, responsibilities, and authorities of the respective subordinate superintendent positions.

The recommended compensation adjustment methodology and compensation adjustments for SY 2017-2018 are found in Attachment A. The Department is proposing to continue with a differentiated model for compensation adjustments for employees in leadership positions (e.g. Deputy Superintendent, Assistant Superintendents, and Complex Area Superintendents) based on the individual's performance. The differentiation is based entirely on each employee's annual performance evaluation.

d. Arguments against the recommendation:

None.

e. Possible reaction of the public, professional organizations, unions, Department staff, and/or others to the recommendations:

The topic of executive compensation is controversial and may be reflected in testimony to the Board on this agenda item.

f. Educational implications:

Fair and equitable compensation for all Department employees is inherent in the Strategic Plan's Goal 2 (Staff Success) and will support a high-performing culture where all employees are effectively contributing to student success.

g. Financial implications:

Funding for these adjustments is calculated to be approximately \$100,000 and has been included in the Department's budgeted salary projections.

CMK:cac  
Attachment

c: Office of Talent Management

**Compensation Adjustments for Leadership Employees Effective July 1, 2018**

The recommended compensation adjustments and updated salary ranges are based on employee performance ratings from July 1, 2017 to June 30, 2018 and linked to the Hawaii consumer price index for 2017. The maximum salary shall not be greater than the Superintendent of Education as established by Hawaii Revised Statutes 302A-621 and/or parameters provided for in Board of Education policy 500-6.

The Deputy Superintendent and Assistant Superintendent performance ratings for school year (SY) 2017-2018 were based on meeting specific performance outcomes linked to the implementation of the Board and Department's joint three-year Strategic Plan and included advancing the strategies of School Design, Student Voice, and Teacher Collaboration as well as supporting closure of the student achievement gap, and demonstrated excellence in leadership, vision and decision making. The performance objectives were weighted and the overall rating was based on a four-point scale:

- Exceptional performance and accomplishment of objectives (3.50 - 4.00)
- Exceeds expectations (3.00 - 3.49)
- Fully meets expectations (2.50 - 2.99)
- Needs improvement (2.00 - 2.49)

The Complex Area Superintendents' performance ratings for SY 2017-2018 were based on achievement of performance objectives tied to the Strategic Plan and to the Complex Area Plans. The overall ratings were based on a five-point scale:

- Exceptional performance and accomplishment of objectives (4.01 - 5.00)
- Exceeds expectations (3.01 - 4.00)
- Fully meets expectations (2.01 - 3.00)
- Needs improvement (1.01 - 2.00)
- Unsatisfactory (0 - 1.00)

The proposed calculation of SY 2017-2018 compensation adjustments for the Deputy Superintendent, Assistant Superintendents, and Complex Area Superintendents effective July 1, 2018 are as follows:

- 3.5% increase for executives who attain "exceptional" level; this is an additional 1% compensation for the higher performance.
- 3.0% increase for executives who attain "exceeds expectations" level; this is an additional .05% in compensation for the higher level of performance.
- 2.5% increase for executives who attain "fully meets" level; this is based on the consumer price index for Hawaii for 2017.

Upon implementation of the proposed compensation adjustments, the proposed new salary range for leadership employees is:

- Deputy Superintendent: \$155,000 - \$180,000 (previous 143,023 - 167,353)
- Assistant Superintendents: \$145,000 - \$175,000 (previous 143,023 - 167,353)
- Complex Area Superintendents: \$135,000 - \$170,000 (previous 125,000 - 163,589)

The entry salary for employees appointed to the Deputy, Assistant Superintendent, or Complex Area positions shall be commensurate with the duties, responsibilities, and authorities of the respective subordinate superintendent positions as well as the experience level and qualifications of the employee.