




STATE OF HAWAII
DEPARTMENT OF EDUCATION

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OFFICE OF THE SUPERINTENDENT

May 5, 2022

TO: The Honorable Kaimana Barcarse
Chairperson, Human Resources Committee

FROM: Keith T. Hayashi 
Interim Superintendent

SUBJECT: **Committee Action on Compensation Adjustments for Department Leadership Employees (Deputy Superintendent, Assistant Superintendents, and Complex Area Superintendents), Effective July 1, 2021, Using Performance Evaluation Ratings for School Year 2020-2021**

1. DESCRIPTION

Per the Hawaii State Board of Education (Board) Policy 500-6, the Board “desires that the best candidates are appointed to the subordinate superintendent positions to create a knowledgeable, strong, and dynamic leadership team that supports the Superintendent, administrators, teachers, and other school-level personnel.” Performance management and compensation are two key areas of the talent management strategy for the Hawaii State Department of Education (Department). Fair and competitive salaries are essential to attract and retain skilled executive leaders who carry out the mission and vision of the Department.

Subordinate superintendents, including the Deputy Superintendent, Assistant Superintendents, and Complex Area Superintendents, are not included in a collective bargaining unit. The Superintendent recommends, and the Board approves, these employees' final appointments and salaries. As such, Board approval is required to make compensation adjustments for this group of leadership employees.

2. BACKGROUND

Section 302A-621, Hawaii Revised Statutes, states, “The salaries of the deputy superintendent, assistant superintendents, and complex area superintendents shall be set by the board; provided that the salaries of the deputy superintendent, assistant superintendents, and the complex area superintendents shall not exceed the superintendent's salary.”

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

To ensure the retention of high-performing individuals with the knowledge, skills, and abilities to support the Board's priorities and the Board's and Department's strategic plan, the Board previously approved the compensation adjustments based on annual performance evaluations and the Hawaii Consumer Price Index (CPI), which determines the rate of inflation, on the following dates:

- June 15, 2015: A 4% across-the-board increase in executive leadership compensation effective July 1, 2015, based on performance and maintaining internal salary parity for all leadership positions.
- November 15, 2016: Compensation adjustments effective July 1, 2016, using a methodology based on performance evaluations for School Year (SY) 2015-2016 with increased amounts linked to the Hawaii CPI for Fiscal Year (FY) 2015-2016. Executive leaders who attained an “exceptional” rating received a 4.5% increase, executive leaders who “exceeded expectations” received a 3.4% increase, and executive leaders who “fully met expectations” received a 2.4% increase.
- June 20, 2017: Compensation adjustments effective July 1, 2017, with continued use of the methodology tied to performance evaluations for SY 2016-2017 and the Hawaii CPI for FY 2016-2017. Executive leaders who attained an “exceptional” rating received a 3.75% increase, executive leaders who “exceeded expectations” received a 3.0% increase, and executive leaders who “fully met expectations” received a 2.0% increase.
- September 20, 2018: Compensation adjustments effective July 1, 2018, with continued use of the methodology tied to performance evaluations for SY 2017-2018 and the Hawaii CPI for FY 2017-2018. Executive leaders who attained an “exceptional” rating received a 3.5% increase, executive leaders who “exceeded expectations” received a 3.0% increase, and executive leaders who “fully met expectations” received a 2.5% increase.

- September 19, 2019: Compensation adjustments effective July 1, 2019, with continued use of the methodology tied to performance evaluations for SY 2018-2019 and the Hawaii CPI for FY 2018-2019. Executive leaders who attained a rating of 5 received a 4.0% increase, executive leaders who attained a rating of 4 received a 3.0% increase, and executive leaders who attained a rating of 3 received a 1.9% increase.
- April 15, 2021: Compensation adjustments for the Complex Area Superintendents effective July 1, 2020, with continued use of the methodology tied to performance evaluations for SY 2019-2020. Complex Area Superintendents who attained a rating of 5 received a 3% increase, Complex Area Superintendents who attained a rating of 4 received a 2.5% increase, and Complex Area Superintendents who received a rating of 3 received a 2% increase. The Board deferred action on the approval of compensation adjustments for the Deputy Superintendent and Assistant Superintendents.

3. DISCUSSION

With the improved economic outlook of the state and the improved budget outlook of the Department, the Department is requesting compensation adjustments for the Deputy Superintendent, Assistant Superintendents, and Complex Area Superintendents retroactive to July 1, 2021. These adjustments will be based on the methodology approved by the Board.

Ratings for the Deputy Superintendent and Assistant Superintendents for SY 2020-2021 used the following four-point scale and were based on meeting specific performance outcomes:

1. Unsatisfactory - Performance does not meet stated expectations and requires significant improvement.
2. Marginal - Performance inconsistently or partially meets stated expectations.
3. Effective - Performance consistently meets stated expectations.
4. Highly Effective - Performance has continually exceeded stated expectations.

The proposed calculation of SY 2020-2021 compensation adjustments for the Deputy Superintendent and Assistant Superintendents, effective July 1, 2021, are as follows:

- 0.0% increase for executive leaders who attain a rating of 2 (Marginal) or 1 (Unsatisfactory);
- 4.0% increase for executive leaders who attain a rating of 3 (Effective), which is based on the Hawaii CPI of 3.8% (rounded) for 2021; and

- 5.0% increase for executive leaders who attain a rating of 4 (Highly Effective), an additional 1.0% in compensation for the higher level of performance.

Ratings for Complex Area Superintendents for SY 2020-2021 used a five-point scale based on meeting specific performance outcomes tied to implementing the Board and Department's joint three-year strategic plan:

1. Does not meet performance objectives.
2. Minimally meets performance objectives.
3. Meets performance objectives or significant progress on deliverables.
4. Meets and exceeds level 3 with an outstanding quality of work and demonstrates collaboration across the organization.
5. Meets and exceeds level 4 and demonstrates system-wide innovation and improvements. Builds capacity across the organization.

The proposed calculation of SY 2020-2021 compensation adjustments for the Complex Area Superintendents, effective July 1, 2021, are as follows:

- 0.0% increase for Complex Area Superintendents who attain a rating of 2 (Minimally meets) or 1 (Does not meet);
- 4.0% increase for Complex Area Superintendents who attain level 3, which is based on the Hawaii CPI of 3.8% (rounded) for 2021;
- 4.5% increase for Complex Area Superintendents who attain level 4, an additional 0.5% in compensation for the higher level of performance; and
- 5.0% increase for Complex Area Superintendents who attain level 5, an additional 1.0% in compensation for the highest level of performance.

There are 23 subordinate superintendent positions under the Superintendent: One Deputy Superintendent, seven Assistant Superintendent, and 15 Complex Area Superintendent. Five of the eight state office subordinate superintendent incumbents achieved a rating of 3 or better on a four-point rating scale, and 12 out of 15 Complex Area Superintendents had a performance score of 3 or better on a five-point rating scale. No more than \$125,000 is anticipated to be needed to implement this pay adjustment. The Department has accounted for this cost in its central salary budget for all general-funded employees.

4. RECOMMENDATION

The Department recommends Board approval of compensation adjustments retroactive to July 1, 2021, for the Deputy Superintendent, Assistant Superintendents, and Complex Area Superintendents who achieved at least a 3 performance rating for SY 2020-2021.

Thank you for your consideration and your continued support of our public education system.

KTH:sb