

Independent Compensation Assessment

April 8, 2014

School Board
Coronado Unified School District
201 6th Street
Coronado, CA 92118

RE: Independent Assessment of the Superintendent's Compensation Package - Revised

School Board:

My name is Annette Winn and I am an independent compensation consultant.

I was not hired by the Coronado Unified School District ("CUSD") or the School Board. I prepared the following independent assessment in response to receiving inquiries and rumors regarding the Superintendent's (Dr. Felix) current compensation package.

To develop a comparison of the market to the Superintendent's current compensation, I gathered and reviewed materials that are publicly available including the 2009/2010 Union Tribune San Diego County Superintendent compensation details and the CUSD Superintendent's employment contract history. The competitive assessment details are presented on the following page.

Summary of Findings

In my professional opinion, the School Board developed a well-constructed compensation plan to ensure that the current Superintendent is attracted, retained, and motivated through the end of the 2014/2015 school year.

Specifically, the contract amendments in 2011/2012 were constructed to:

- Maintain a reasonable base salary (a fixed cost) at \$175,000 (or less based on furlough days). This base salary is meaningfully below market compensation (see the attached table entitled "Competitive Assessment with No Bonus").
- Provide a back-loaded supplemental retirement bonus ("bonus") which permitted the Superintendent to receive compensation that would be closer to market if he performed to standards set by the School Board. This bonus is neither a windfall nor a guarantee; by enabling Dr. Felix to earn an additional \$71,000 spread over 4 years, the School Board permitted Dr. Felix's average annual compensation to increase by \$17,750, bringing his total compensation closer to market. But by back-loading the bonus payments, the School Board focused on long-term results while not adding to fixed compensation in the form of base salary.
 - When the full bonus amount is spread over the 4 years in equal amounts, the Superintendent's compensation continues to be below market in all 4 years (see the attached table entitled "Competitive Assessment With An Evenly Distributed Bonus").
 - By backloading the bonus, however, the School Board paid the same gross amount in the bonus program, but it did so in a manner which further incentivized the Superintendent to stay for the full 4- year term of the bonus program (if he left early, he would lose the amounts allocated to the later years). Even with the backloading, the Superintendent's compensation stays at or below market in all 4 years (see the attached table entitled "Competitive Assessment under Current Contract").
 - In addition, the annual retirement pension contribution is determined using base salary. By providing compensation in the form of a bonus and not increasing base salary, the contribution to Dr. Felix's contract has not increased his retirement pay (or the District's obligations for his retirement pay).
- Provide reasonable and appropriate "additional compensation" (e.g., health & welfare benefits, business expense allowance, organization dues, vacation days, and paid holidays).

Summary of Findings (Cont'd)

For the 2015/2016 year, the Superintendent's contract does not include a supplemental retirement bonus. Accordingly, unless a compensation amount is added to the Superintendent's contract by further amendment, or unless the School Board otherwise agrees to provide Dr. Felix with some other form of additional compensation, Dr. Felix's compensation for the 2015/2016 school year will be significantly below market (~-20%).

* * * * *

Please contact me if you have any questions.

Sincerely,

Annette Winn
Coronado Resident
820 Alameda Blvd.
Coronado, CA 92118
619.818.4240

Competitive Assessment under Current Contract

The following table presents a summary of the Superintendent's compensation relative to the market median (i.e., center point of the data; not the average) from 2008 projected through to 2015.

A **total cash compensation** comparison indicates that the Superintendent's pay falls below the market by - 8.1%, -7.7% and -3.8% in the last three years. Next year, the Superintendent's total cash compensation will be aligned (0.6%) with market.

A **total compensation** comparison (when indirect "additional compensation" is included) indicates that the Superintendent's pay falls below market by -7.3%, -7.4%, and -4.5% in the last three years. Next year, the Superintendent's total compensation will be slightly below (-1.3%) market.

Please note the assumptions as indicated in the footnotes.

	Contract Year	Direct			Indirect	Total ⁵	
		Base Salary	Supp. Retirement Bonus	Total Cash	Additional Comp. ⁴		
Market Median ¹	2008 / 2009	\$174,897	\$0	\$174,897	\$36,021	\$210,918	
	2009 / 2010 ²	\$180,144	\$0	\$180,144	\$37,102	\$217,246	
	2010 / 2011 ²	\$185,548	\$0	\$185,548	\$38,215	\$223,763	
	2011 / 2012 ²	\$191,115	\$0	\$191,115	\$39,361	\$230,476	
	2012 / 2013 ²	\$196,848	\$0	\$196,848	\$40,542	\$237,390	
	2013 / 2014 ²	\$202,754	\$0	\$202,754	\$41,758	\$244,512	
	2014 / 2015 ²	\$208,836	\$0	\$208,836	\$43,011	\$251,847	
Dr. Felix	2008 / 2009	\$175,000	\$0	\$175,000	\$36,231	\$211,231	
	2009 / 2010	\$175,000	\$0	\$175,000	\$36,231	\$211,231	
	2010 / 2011	\$175,000	\$0	\$175,000	\$36,231	\$211,231	
	2011 / 2012 ³	\$170,679	\$5,000	\$175,679	\$38,032	\$213,711	
	2012 / 2013 ³	\$170,679	\$11,000	\$181,679	\$38,032	\$219,711	
	2013 / 2014	\$175,000	\$20,000	\$195,000	\$38,631	\$233,631	
	2014 / 2015	\$175,000	\$35,000	\$210,000	\$38,631	\$248,631	
% Variance	2011 / 2012	-10.7%	--	-8.1%	-3.4%	-7.3%	Prior Year
	2012 / 2013	-13.3%	--	-7.7%	-6.2%	-7.4%	Last year
	2013 / 2014	-13.7%	--	-3.8%	-7.5%	-4.5%	Current year
	2014 / 2015	-16.2%	--	0.6%	-10.2%	-1.3%	Next year

¹ Source: information publicly disclosed in the Union Tribune in 2009/2010; includes 11 schools (Escondido, Ramona, Santee, Encinitas, Del Mar, Valley Center, Lakeside, Solana Beach, Fallbrook Elem., Fallbrook HS, and Bonsall) which I independently selected based on reasonable size (students, employees) and location.

² Estimate based on 3% inflation rate factor.

³ In 2011/2013 and in 2012/2013, base salary reduced by 6 unpaid furlough days.

⁴ Includes the typical "additional compensation" paid by the majority of school districts and is considered typical "indirect" compensation:

a) Health & Welfare Benefits (estimate of \$10,000 year).

b) Business Expense Allowance (\$2,400 beginning in 2011/2012. Prior to this, Dr. Felix received reimbursement for actual and necessary expenses incurred while performing day-to-day duties and obligations on behalf of the School District. Beginning in 2011/2012 school year, his contract provides for a consistent \$200 monthly allowance for travel expenses in San Diego County, which was determined by the School Board to be consistent with the average disbursements previously made for mileage, parking and related travel business expenses within San Diego County).

c) Organization Dues (~\$2,000 per year).

d) Vacation Days (~\$14,800 based on 22 vacation days per year. In connection with his amended contract in 2011, Dr. Felix agreed to reduce the number of carry-over vacation days from 44 to 36 days. At termination, Dr. Felix may receive less compensation for his unused vacation days. The value of the carry-over vacation days to be paid at termination has not been included within the calculations).

e) Holidays (~\$9,400 based on 14 days per year).

⁵ Estimate of total compensation paid.

Competitive Assessment with No Bonus

The following table presents a summary of the Superintendent's compensation relative to the market median (i.e., center point of the data; not the average) from 2008 projected through to 2015 **had there not been a bonus included in the contract.**

A **total cash compensation** comparison indicates that the Superintendent's pay would have fallen significantly below the market by -10.7%, -13.3%, -13.7, and -16.2% in the last four years.

A **total compensation** comparison (when indirect "additional compensation" is included) indicates that the Superintendent's pay would have fallen significantly below market by -9.4%, -12.1%, -12.6% and -15.2% in the last four years.

Contract Year	Direct			Indirect	Total ⁵		
	Base Salary	Supp. Retirement Bonus	Total Cash	Additional Comp. ⁴			
Market Median ¹	2008 / 2009	\$174,897	\$0	\$174,897	\$36,021	\$210,918	
	2009 / 2010 ²	\$180,144	\$0	\$180,144	\$37,102	\$217,246	
	2010 / 2011 ²	\$185,548	\$0	\$185,548	\$38,215	\$223,763	
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	2009 / 2010	\$175,000	\$0	\$175,000	\$36,231	\$211,231	
	2010 / 2011	\$175,000	\$0	\$175,000	\$36,231	\$211,231	
	2011 / 2012 ³	\$170,679	\$0	\$170,679	\$38,032	\$208,711	
	2012 / 2013 ³	\$170,679	\$0	\$170,679	\$38,032	\$208,711	
	2013 / 2014	\$175,000	\$0	\$175,000	\$38,631	\$213,631	
	2014 / 2015	\$175,000	\$0	\$175,000	\$38,631	\$213,631	
% Variance	2011 / 2012	-10.7%	--	-10.7%	-3.4%	-9.4%	Prior Year
	2012 / 2013	-13.3%	--	-13.3%	-6.2%	-12.1%	Last year
	2013 / 2014	-13.7%	--	-13.7%	-7.5%	-12.6%	Current year
	2014 / 2015	-16.2%	--	-16.2%	-10.2%	-15.2%	Next year

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e) Holidays (~\$9,400 based on 14 days per year).

⁵ Estimate of total compensation paid.

Competitive Assessment with an Evenly Distributed Bonus

The following table presents a summary of the Superintendent's compensation relative to the market median (i.e., center point of the data; not the average) from 2008 projected through to 2015 **had the same bonus been provided but distributed evenly over the four years.**

A **total cash compensation** comparison indicates that the Superintendent's pay would have fallen below the market by -1.4%, -4.3%, -4.9%, -7.7% in the last four years.

A **total compensation** comparison (when indirect "additional compensation" is included) indicates that the Superintendent's pay would have fallen significantly below market by -1.7%, -4.6%, -5.4%, -8.1% in the last four years.

Contract Year	Direct			Indirect	Total ⁵		
	Base Salary	Supp. Retirement Bonus	Total Cash	Additional Comp. ⁴			
Market Median ¹	2008 / 2009	\$174,897	\$0	\$174,897	\$36,021	\$210,918	
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Dr. Felix	2008 / 2009	\$175,000	\$0	\$175,000	\$36,231	\$211,231	
	2009 / 2010	\$175,000	\$0	\$175,000	\$36,231	\$211,231	
	2010 / 2011	\$175,000	\$0	\$175,000	\$36,231	\$211,231	
	2011 / 2012	\$170,679 ³	\$17,750	\$188,429	\$38,032	\$226,461	
	2012 / 2013	\$170,679 ³	\$17,750	\$188,429	\$38,032	\$226,461	
	2013 / 2014	\$175,000	\$17,750	\$192,750	\$38,631	\$231,381	
	2014 / 2015	\$175,000	\$17,750	\$192,750	\$38,631	\$231,381	
% Variance	2011 / 2012	-10.7%	--	-1.4%	-3.4%	-1.7%	Prior Year
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	2013 / 2014	-13.7%	--	-4.9%	-7.5%	-5.4%	Current year
	2014 / 2015	-16.2%	--	-7.7%	-10.2%	-8.1%	Next year

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