

Office of Human Resources
Paul M. Cholak, Chief Personnel Officer

SUBJECT: REQUEST AUTHORIZATION FOR THE SUPERINTENDENT TO ENTER INTO A CONTRACTUAL AGREEMENT WITH TEACHER EXCELLENCE THROUGH COMPENSATION (TEC) TO PROVIDE PROFESSIONAL AND TECHNICAL CONSULTING SERVICES IN THE AREA OF PAY INCENTIVE SYSTEMS

COMMITTEE: SCHOOL SUPPORT ACCOUNTABILITY

The Superintendent desires to develop a performance-based incentive plan that can be implemented on a pilot basis for Managerial Exempt Personnel (MEP) employees effective with the 2005-2006 fiscal year. He also desires to develop a separate plan that would apply to all other groups of employees in the District.

Authorization is requested to enter into a contractual agreement with Teacher Excellence through Compensation (TEC) to provide professional and technical consulting services to establish a total compensation program for employees that will reinforce and support continuous improvement in the District's performance and will link to the District's strategic plan.

TEC will work with the District to develop a total compensation strategy and to design incentives that can be negotiated with applicable unions (and employee associations through the meet and confer process) prior to implementation. The incentives would reward employees for achieving and improving upon key District and Region performance indicators as denoted in the District's strategic plan.

The two principals of TEC are Dr. Allan Odden and Dr. Marc Wallace. Dr. Odden is a Professor of Educational Leadership and Policy Analysis at the University of Wisconsin-Madison. He is a co-director of the Consortium for Policy Research in Education (CPRE) and principal investigator for the CPRE Teacher Compensation project. He formerly was professor of education policy and administration at the University of Southern California and Director of Policy Analysis for California Education, and educational policy studies consortium of USC, Stanford University and the University of California, Berkeley.

Dr. Odden is an international expert on education finance, school-based financing, resource allocation and use, educational policy, school-based management, teacher compensation, district and school decentralization, and educational policy implementation. Dr. Odden has written widely, publishing over 220 journal articles, book chapters, and research reports, and 30 books and monographs.

Dr. Marc J. Wallace, Jr. is a founding partner of Teacher Excellence through Compensation (TEC). He is based in Lake Bluff, IL where he serves clients by bringing to bear his extensive consulting and research experience in compensation, workforce effectiveness, human resource strategy and labor relations. Prior to founding TEC he served as President of the Center for Workforce Effectiveness (CWE) in Northbrook, IL from 1992 to 2002 serving clients in both the private and public sector. From 1971 to 1992, Dr. Wallace was the Ashland Oil Professor of Management, College of Business and Economics, University of Kentucky. He also served as Chairman of the Department of Management and Director of Graduate Studies. His research and teaching centered on human resource strategy and compensation. In 1983 he was named a Great Teacher by the University's alumni, becoming the second professor in the college's history so honored. Dr. Wallace has co-authored over 60 articles and ten books on management and human resources.

Dr. Wallace and Dr. Odden have pioneered the successful adaptation of proven compensation strategies and techniques in the field of education. Their work has resulted in the successful introduction of pay for performance in a variety of schools, school districts and states.

The work product will include:

- (1) a total compensation strategy that specifies objectives for compensation and details the architecture of each element of compensation (e.g. base salary, variable pay, etc.) The architecture will specify what each element must look like and how it must operate to achieve compensation objectives; and
- (2) incentive programs ready to be discussed and implemented with Managerial Exempt Personnel (MEP), instructional, and non-instructional employees. The project must be completed by late March to permit integration with the District's strategy to negotiate long-term contracts with all major unions.

The Professional Services Contract committee reviewed the contractual agreement on January 5, 2005, and recommended an exception to School Board Rule 6Gx13 – 3F-1.021, Professional Services Contracts, regarding bids or Requests for Proposals to be granted as otherwise determined by the committee based on the time-sensitive nature of the project and Dr. Odden's and Dr. Wallace's unique expertise and experience with school finance, compensation, and public and private organization incentive issues. Based on their experience as described above, Dr. Odden and Dr. Wallace are uniquely qualified to perform this work and have worked on related issues with districts such as Philadelphia; Cincinnati; Kyrene (suburban Phoenix); Queen Anne's County, Maryland; and Arlington, Virginia.

Cost of this contract is not to exceed \$92,000 in professional fees and travel expenses. A possible future contract could involve working with the District on implementation.

The appropriation for the item is included in the General Fund of the budget under Fund 0100, Function 7730, Program 7880, Object 5310, Location 9311.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. authorize the Superintendent of Schools to enter into an agreement with Teacher Excellence through Compensation (TEC), to provide professional and technical consulting services in the area of incentive pay, effective January 20, 2005, through April 19, 2005, with consulting fees not to exceed \$92,000 including travel and other related expenses; and
2. grant an exception to School Board Rule 6Gx13- 3F-1.021.

The appropriation for this item is included in the General Fund of the 2004-05 adopted budget.

PMC:mtp