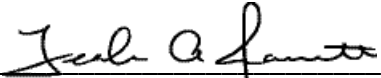




Monitoring Report
EL-07 Compensation and Benefits
February 14, 2023

I hereby present my monitoring report on the **Executive Limitations Policy EL-07: Compensation and Benefits** according to the monitoring report schedule (BPD-04). I certify that the information contained in this report is true and represents compliance with a reasonable interpretation of all aspects of the policy unless specifically stated otherwise.

Signed 
Leah A. Barrett, President

Date 28 February 2023

With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the President shall not cause or allow jeopardy to fiscal integrity or public image.

INTERPRETATION

I interpret fiscal integrity to mean:

- A. A compensation philosophy that administers and maintains an equitable total compensation program that provides consistent treatment for all employees with measured flexibility, under appropriate controls, designed to attract and retain top talent.
- B. Employee salaries are determined by institutional goals, position responsibility, and market information as key considerations.
- C. The College provides an atmosphere and public image that demonstrates a commitment to service, excellence, and customer satisfaction.

- D. Compliance will be demonstrated with equitable salary offers for new hires falling within compensation classifications for staff as well as any total compensation increases.

EVIDENCE

- A. New faculty salary offers are based on established compensation tier structure and rate(s). The 2023 compensation study will add more programs to the level 2 tier for competitive salaries upon hiring new instructors and retention of current instructors. This analysis of faculty salary levels has been conducted by compensation consultants, National Financial Partners (NFP).
- B. The college's annual total compensation increase is taken into consideration with the market and projected budget availability.
- C. The use of the same method to determine staff compensation and benefits is calculated consistently based on the employee classification as provided in the current negotiated agreements and all written human resources procedures.
- D. The use of compensation protocols and administrative services protocols to calculate the midpoint of the faculty array and the Bureau of Labor Statistics and the Consumer Price Index as a staff compensation benchmark.
- E. Use of established hiring practices, including the determination of beginning salaries, in accordance with AP-7110.0 General Hiring Process. Source: <https://neccweb.azureedge.net/documents/policies/AP71100.pdf>
- F. The collective bargaining negotiation process: The Board is provided with updates during the process and a final recommendation from the college administration for approval of a feasible total compensation increase percentage. Source: State Statute Link for Collective Bargaining Units, <https://nebraskalegislature.gov/laws/statutes.php?statute=48-818.01>

... the President shall not:

- 1. Change his or her compensation and benefits.**

INTERPRETATION

I interpret not changing compensation and benefits as the President not taking any action to influence or direct the HR or Payroll departments to make suggested changes that are not provided in the Board approved contract.

EVIDENCE

- A. The President’s contract is reviewed and approved by the Board at a scheduled meeting and recorded in the meeting minutes.
- B. As stated in the contract, the Board retains the right to determine the President’s salary as well as the number of years of contractual employment.
- C. The President’s contract, as approved by the Board of Governors, is provided to the appropriate personnel in the Administrative Services and Human Resources Divisions to ensure the President’s salary, benefits, and other compensation factors are properly implemented in accordance with the agreement provisions.
- D. The Executive Director of Administrative Services and the Vice President of Human Resources provide the Payroll, Accounting, and Human Resources departments with the necessary compensation and benefits adjustments from the Board’s approved contract for the President. This allows internal controls in the form of checks and balances between departments to ensure the contract is followed as written. The President is not involved in the distribution of her contract for processing or action.

...the President shall not:

2. Promise or imply permanent employment.

INTERPRETATION

I interpret permanent employment as an employer/employee relationship that is expected to last if the employee wants to maintain the relationship. The faculty, other than new faculty within their first two years of employment, are not “at will” employees. The negotiated agreement provides that “just cause” is required to terminate employment. There is no similar provision for non-faculty staff. However, as a matter of general practice, we have required “just cause” for termination of any employee, even though we would not otherwise be required to. Sec. 85-1528 only applies to “teaching staff” by the clear language of the statute.

EVIDENCE

- A. Applicable College policies and procedures are in place - Suspension, Demotion, Termination for Cause, Continuation, Amendment, Termination of Employment – Faculty, and Reduction in Force. Source:
<https://neccweb.azureedge.net/documents/policies/BP7231.pdf>
<https://neccweb.azureedge.net/documents/policies/AP73270.pdf>
<https://neccweb.azureedge.net/documents/policies/AP78100.pdf>
<https://neccweb.azureedge.net/documents/policies/BP7810.pdf>

- B. Northeast ensures compliance with the Nebraska Fair Employment Act. Source: <https://neoc.nebraska.gov/laws/pdf/NebraskaFairEmploymentAct.pdf>
- C. As stated in all employment offers from the College to potential employees, the job offer is made in accordance with college procedures AP-7325.0 Employment Probation, which provides that the first two years of employment are a probationary period and is contingent upon an official transcript from the employee's highest level of education achieved unless otherwise specified. Source: <https://neccweb.azureedge.net/documents/policies/AP73250.pdf>

...the President shall not:

3. Establish compensation and benefits which deviate materially from the geographic or professional market for the skills employed.

INTERPRETATION

I interpret not deviate materially to mean the College follows staff compensation protocols and agreements through the negotiation process to establish a process for assessing total compensation that compares competitively with the market and that employees are paid appropriately for the skills in their job descriptions. For faculty, their compensation is based on their collective bargaining agreement which currently states that their pay is based on the calculation of the midpoint of the array. This calculation does not take into account job description or market analysis for pay.

EVIDENCE

- A. A compensation study was conducted at the College ten years ago by the Waters Group. The need for another compensation study was identified in the fiscal year 2021. The College formed a compensation study task force comprised of cross-functional members (employees) to conduct a request for proposal (RFP) with third-party compensation consultants nationally. The proposals were reviewed by the group in January 2022. The task force decided to contract with a consultant, National Financial Partners (NFP). The compensation study has moved through multiple phases of the project which include job description reviews, benchmarking positions and data analysis to market, internal equity review, and communication to the College community with updates and videos of the project updates by the Consultants. As of February 2023, the consultants are completing the analysis of current positions within the new grades based on the tenure of employment and degree

attainment. The targeted implementation date of new salaries will be July 1, 2023, for staff and September 1, 2023, for faculty if applicable.

- B. The use of compensation administration protocols and administrative services division protocols to calculate the faculty array as outlined in the collective bargaining agreement, the Bureau of Labor Statistics, and the Consumer Price Index as a benchmark of the cost of labor percentage for staff.

...the President shall not:

3.1 Finalize collective agreements which exceed the parameters established by the Board of Governors.

INTERPRETATION

I interpret exceeding parameters to mean that collective bargaining agreements are not within the College's general fund budget for fiscal responsibility and sustainability as annual compensation increases are incurred for all personnel costs. Personnel budget expenses are typically 80% of the college's total budget. Exceeding that percentage could be a risk for the college to continue operations with limited budget availability. Compliance will be met by the use of the faculty array calculation and a negotiation spreadsheet for percentage increase scenarios to assess the potential budget impact. This also includes the budget impact from the Compensation Study for the fiscal year 2023 implementation. This work is conducted by the Vice President of Administrative Services, Vice President of Human Resources, Director of Compensation and HR Compliance, and Executive Director of Administrative Services positions.

EVIDENCE

- A. Budget projections for the fiscal year 2024 will forecast projected revenue based on: a) the tuition and fee rates set by the Board in November of 2022, along with a credit hour projection, b) the estimated increase to state aid; and c) the projection of any increase or decrease to property valuations. This financial information is provided at a designated Board of Governors meeting in the Spring of each calendar year.
- B. For the fiscal year 2023; the College took into consideration a portion of the unspent personnel dollars from the prior year's budget and appropriated a like amount of cash reserves to apply to the budgeted increase for the following fiscal year.

...the President shall not:

4. Establish or change retirement benefits such that the provisions:

- **Incur unfunded liabilities or commit the organization in any way to benefits that incur predictable future costs.**
- **Provide less than some basic level of benefits to all full-time employees, through differential benefits to encourage longevity are not prohibited.**

INTERPRETATION

I interpret changing retirement benefits that do not incur liabilities or provide a basic level of benefits for employees as following the organization's retirement plan vendor (TIAA) agreement. As stated in the TIAA investment policy statement: The Northeast Community College retirement plan is intended to provide eligible employees the opportunity to generate a long-term accumulation of retirement savings through employer and employee contributions to individual participant accounts and the earnings thereon. The Plan is an employee benefit plan intended to comply with all applicable federal laws and regulations including the Internal Revenue Code of 1986, as amended and applicable to Nebraska state law. The Plan's purpose is to provide a vehicle to accumulate and grow assets to fund retirement needs on an individual basis for eligible employees.

EVIDENCE

- A. In 2019, the College President appointed an Investment Oversight Team (IOT) that is delegated to choose and monitor plan funding options. It is the intent of the IOT to provide a range of funding options under the Plan that will enable participants to invest according to varying risk tolerances, savings time horizons, and other financial goals. The funding options offered under the Plan shall be administered solely in the interests of the plan participants and their beneficiaries. The IOT is responsible for maintaining a written record of its decisions and steps taken in connection with the monitoring of the Plan's funding options.
- B. During the Fall of 2021, IOT conducted an RFP to engage in third-party retirement consultants to be a co-fiduciary. After a review of the proposals, the Team agreed to move forward with McMill CPAs and Advisors in Norfolk, Nebraska. A contract was established as of January 2022 and the firm formally onboarded with the College in February 2022 to develop plans and next steps. The IOT will work with McMill CPAs to conduct quarterly investment fund reviews to ensure best practices and compliance with the retirement plan.
- C. The compensation study of 2022-23 provides an objective analysis of all college benefits, which includes the retirement plan. Feedback and recommendations will be provided to the College at the conclusion of the study.

- D. Retirement contribution and match percentages are set forth in the current collective bargaining agreements signed by the Board.
- E. In February of 2023, McMill CPAs and Advisors provided a comprehensive quarterly fund review for the retirement plan and mapped out how the Secure Act 2.0 will impact the college.
- F. The IOT collaborated with McMill CPAs and Advisors to introduce a new investment option for employees. Effective January 1, 2023, the Northeast Community College RA Defined Contribution Retirement Plan (151150) began offering to employees the option to make Roth after-tax contributions in addition to the current pretax contributions. This new option is applicable to the additional percentage choices.