



Denver Public Schools
Professional Compensation System for Teachers

ProComp

MEETING MINUTES

ProComp Trust Board of Directors

FY18 Meeting #1

Wednesday, Sep 13th, 2017

5:30 – 7:00 pm

Emily Griffith Campus (EGC)

1860 Lincoln St., Denver, CO 80203

11th Floor – Conf. Room 1135A

In Attendance (in person): Mark Ferrandino, Erik Johnson, Tom Buescher, Cecilia Miller

In Attendance (via conference call): Scott Murphy, Lawrence Garcia

Others: Chris Kampe, Cara Sterling

Called to Order: 5:34 pm

Action Item: Approve Prior Meeting Minutes

June 26th, 2017 Minutes

Motion to approve minutes as provided in meeting materials.

1st: E. Johnson

2nd: Ferrandino

Voice Vote: All (Except Garcia Abstains) - Passes

Discussion Item: Introduce Legal Counsel

Cara Sterling, Brownstein Hyatt Farber Schreck

Sterling: Provides brief summary and background.

Board members introduce themselves.

Discussion Item: Review Trust Financials

FY17 Performance / FY18 Forecast / DCTA-DPS Negotiations and Impact on ProComp Trust | Chris Kampe

Kampe – 2016-17 year financials are final but audit is not yet complete. Only significant change to note is an accounting change for July/August bonus incentive payments. This is a timing change only.

E. Johnson – I will provide an update on the agreement between DCTA/District and its impact on the Trust. We are expanding Hard to Serve to all of our Title I schools. The expansion provides \$1,500 to teachers not currently on our hard to serve list. Additionally, it includes teachers that did not initially opt into the ProComp plan. We need to modify the ProComp Agreement to allow for payment to the teachers that did not opt into ProComp. This does not affect the trust. This agreement to expand Hard to Serve will move money in the ProComp Trust from one of the other incentives into Hard to Serve but not have impact on long-term solvency of trust. It moves incentives to hard to serve schools.

Sterling: What is the process for taking what's written in the MoU and amending the ProComp Agreement?

E. Johnson: We have what is called the Transition Team that reviews incentive payouts. First we need to have the MoU signed by DCTA/BoE and then we can modify the agreement.

Sterling: Does the Board of Education have to vote on the amendment?

E. Johnson: No, just the president Anne Rowe needs to sign for amendments.

Ferrandino: Impacts to master agreement – assuming current state – could change as the District/DCTA negotiate ProComp moving forward. Another piece to note is how indexing works. Instead of using a percent, we did a flat increase, which has a minor effect on ProComp Trust index. More and more districts are moving to flat increases as opposed to percent increases.

Buescher: Can I assume that both Association (DCTA) and District are satisfied with how ProComp and the Trust are operating and don't need to make radical changes?

Ferrandino: Not at this time. We left the negotiating table at a good place. There is a willingness on both sides to find how to get to ProComp 3.0 for a long-term solution given the financial picture of the Trust. I'm hopeful we can get an agreement by 12/31/17.

Kampe: Slides 4 and 5 in the provided PowerPoint include detail of the COLA increase and expanded Hard to Serve incentive. Slide 6 includes an FY18 forecast detail of the ProComp incentives for both base building and bonus payments. At this early stage in the school year, our forecast is in agreement with the budget with the exception of the Hard to Serve incentive due to the expansion. This forecast is offsetting the expansion in Hard to Serve in the Combined Top Performing / High Growth incentive. The Transition Team will be meeting in one week and will confirm how to adjust incentive payout cut points to accommodate the Hard to Serve expansion and stay within the approved budget appropriation. Slide 7 shows the overall FY18 forecast for the Trust including revenue and overhead expense. The revenue and expense forecasts are in line with the budget. The \$2M variance shown is based on the starting balance at June 30th and is a timing change only, described earlier and discussed on slide 3.

Buescher: Should I be able to find an exact number on slide 7 that ties to a number on slide 6?

Kampe: Yes, the \$30,097,631 ProComp Incentive Salary figure on Slide 7 of the overall budget is detailed out on Slide 6. You can find this same number at the bottom of the table on slide 6.

E. Johnson: We are in the middle of Fall Adjustment period now which is when we true up budgets for schools based on October Count. We move FTEs and budgets around to match the actual students at the schools.

Buescher: Anecdotally what is your expectation?

E. Johnson: Anecdotally, we expect to be about spot on overall for the District. However, there are some schools substantially up or down. That affects our ability to forecast. In terms of total enrollment and net number, we're close to spot on. We're seeing differences on the western side of city versus the eastern side of the city.

Murphy: How much variability is there in property tax revenue?

E. Johnson: There is a set rate so property tax variability does not directly affect ProComp. However, state level revenue varies based on sales tax revenue, etc.

M. Ferrandino: The taxpayer approved amount is flat adjusted for inflation. We'd be able to increase mill to stay at this expected rate.

Murphy: Do uncollectible rates affect the Trust?

E. Johnson: They do but we generally cover that across the general fund.

Ferrandino: We currently do an abatement but we put all funds eligible for ProComp into the Trust and handle across other mills.

Action Item: Approve Annual Letter to Transition Team

Financial Performance Letter

Buescher: Every year we are required to submit a letter to the Transition Team. This draft is modeled after last year's letter. Does anyone have questions / comments?

Motion to approve the letter to the Transition Team as provided

1st: Garcia

2nd: E. Johnson

Voice Vote: All - Approved

Discussion Item: Future Agenda Items

- CLA FY17 Audited Financial Statement Review
- Review Future Meeting Placeholders:
 - Wednesday, November 15th, 2017
 - Wednesday, February 21st, 2018
 - Wednesday, April 25th, 2018

Adjourned: 6:08 pm