

February 23, 2011

**CHIEF EXECUTIVE OFFICER'S REPORT OF INCENTIVE COMPENSATION PLAN
FOR PRINCIPALS ASSIGNED TO CERTAIN SCHOOLS DESIGNATED
AS TURNAROUND OR TRANSFORMATION SCHOOLS**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING ACTION:

Pursuant to the authority delegated to the Chief Executive Officer under Board Rule 4-1 (a)(3), the Chief Executive Officer has established an incentive compensation plan for principals assigned to certain schools that have been designated as "turnaround" or "transformation" schools ("the Incentive Plan"). A copy of the Incentive Compensation Plan for Principals Assigned to Turnaround or Transformation Schools is attached hereto and presented for filing.

Approved for Consideration:



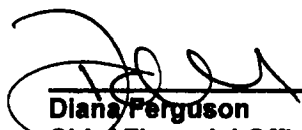
Donald Fraynd
Acting Officer

Approved:



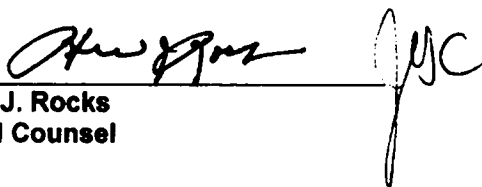
Terry Mazany
Chief Executive Officer

Within Appropriation:



Diana Ferguson
Chief Financial Officer

Approved as to legal form:



Patrick J. Rocks
General Counsel

CHICAGO PUBLIC SCHOOLS
2010-11 INCENTIVE COMPENSATION PLAN
FOR PRINCIPALS ASSIGNED TO TURNAROUND OR TRANSFORMATION SCHOOLS

DESCRIPTION:

To help improve some of the most struggling schools in Chicago Public Schools (CPS), the Board has designated some schools as “turnaround” with a sub-set of these schools being managed by the CPS Office of School Improvement (OSI). Informed by the Five Essential Supports identified by the Consortium on Chicago School Research, the CPS Turnaround comprehensive school reform model systematically overhauls the school, providing resources, supports, coaching, technical assistance and leadership development in the areas of: 1) human capital, 2) school stabilization, 3) family and community involvement, 4) culture and climate, 5) community resource development, and 6) teaching and learning. The CPS Turnaround Model is phased in over a period of years to ensure lasting change. Additionally, other schools have been identified as “transformation.” After an in-depth needs analysis, transformation schools receive customized support packages that use select components of the CPS Turnaround Model tailored to the needs of particular transformation schools. The schools continue to report to their designated Area with OSI acting as an internal lead partner for the transformation effort.

The federal government has prioritized the “turnaround” and “transformation” of the nation’s lowest performing schools by making funds available through the School Improvement Grant (SIG) program. These funds are allocated to school districts by states through a competitive process. Grant applications are submitted and rated against rubrics with specific requirements for success. One of the areas required for success in the application process is the creation of principal compensation plans designed to incent talented leaders to take on the most challenging leadership positions in the district. Districts earn points in the application process for creating incentive plans and are then allowed and encouraged to use grant monies to pay for such incentive plans. This Incentive Plan is designed to attract and retain talented principals in turnaround and transformation schools.

A variety of measures are undertaken at certain “turnaround” and “transformation” schools under the direction of the CPS Office of School Improvement to help dramatically improve the academic performance of the school’s students. In order to support that effort, the Chief Executive Officer has established the Incentive Plan for school principals at those “turnaround” and “transformation” schools. The Incentive Plan provides for an assignment bonus payable to the principal, regular compensation payable as salary on a bi-weekly basis, a retention bonus, and a performance bonus payable after the end of each regular school year after certain performance measures and data have been examined and analyzed by the School Improvement Officer and designated Chief Area Officer where applicable, under direction from the Chief Executive Officer.

Principals subject to Incentive Plan The Incentive Plan established applies to the following principals of schools designated as “turnaround” and managed by the CPS Office of School Improvement:

<u>Principal</u>	<u>Title</u>	<u>Assigned School</u>
Cherie Novak	Interim Principal	Fulton Elementary School
Lynn McGinnis-Garner	Interim Principal	Langford Elementary School
Elizabeth Dozier	Interim Principal	Fenger High School
Leonetta Sanders	Interim Principal	Harper High School
Kenyatta Stansberry	Interim Principal	Marshall High School

Duration of Incentive Plan The Incentive Plan shall be effective for the 2010-11, 2011-12 and 2012-13 school years and may be renewed in subsequent school years by the CEO. The CEO may amend the Incentive Plan as s/he deems necessary. Payment of the performance bonus is subject to the review and approval of the Chief Education Officer.

Terms of Incentive Plan. The Incentive Plan includes an assignment bonus, a base salary and benefits, retention incentive bonus, and an annual performance bonus as follows.

- 1) **Eligibility Requirements.** Principals named in this Board Report are eligible for the bonuses described herein provided that, at the time the bonus is payable, the principal has met all of the criteria for the bonuses as set forth in this document and provided that the principal is in "good standing." For purposes of this plan, "in good standing" means that the principal has not been the subject of a substantiated investigation and has not been disciplined in any way. If the principal is the subject of any investigation, disciplinary proceeding or other matter adversely reflecting on his/her performance or personal or professional conduct, no bonus shall be paid to the principal under the principal's eligibility is determined.
- 2) **Base Salary and Benefits:** The Board shall pay a base salary to the principal in accordance with the Administrative Compensation Plan, or any successor plan applicable to principals. The principal shall also be eligible to participate in all benefits for which full-time, regularly appointed certificated employees are eligible.
- 3) **Assignment Bonus:** *In order to effectively attract talented school leaders to these challenging assignments,* the Board shall pay eligible principals an assignment bonus of ten thousand dollars (\$10,000.00) at the end of the school year in which they are assigned to a "turnaround" or "transformation" principal position. This is intended to be a one-time only bonus per principal per school. Additionally, principals who move from one "turnaround" or "transformation" principal position to another are only eligible for one assignment bonus within any twenty-four calendar-month (two year) period. The assignment bonus shall not be considered part of the principal's full salary rate and shall not be subject to pension contributions. Payment of this assignment bonus shall be subject to all other standard withholdings and deductions. Payments will be made as soon as administratively possible following the last day of student attendance.
- 4) **Retention Bonus:** *In order to effectively retain Principals for consecutive years within the same school,* the Board shall pay principals a "retention" bonus upon his/her successful completion of each three-year period within one school. However, the maximum retention bonuses that a principal may achieve within one school are two (i.e., after the third and sixth consecutive years). Principals are eligible for no more than two retention bonuses at the same school. After that, although a principal may continue to lead in that school, s/he will no longer be eligible for continued retention bonuses.

To be eligible for the retention bonus, the principal must not have a "needs improvement" or "unsatisfactory" performance review and must commit to return to his/her assigned "turnaround" or "transformation" school for at least one more school year. The CEO may grant an exemption of the requirement to commit to return to the school for the additional school year, if a principal meets the performance criteria and has submitted a notice of his/her intent to retire. The amount of the retention bonus shall be \$15,000. The retention bonus shall not be considered part of the principal's full salary rate and shall not be subject to pension contributions. Payment of this retention bonus shall be subject to all other standard withholdings and deductions. Payments are expected as soon as administratively possible within the next fiscal year following the satisfactory completion of the eligibility requirements.

- 5) **Annual Performance Bonus:** The Board shall pay principals an annual performance bonus based on whether and to what extent their assigned school meets certain performance measures. Said measures reinforce the whole school strategies articulated in the Five Essential Supports as follows:

ELEMENTARY PRINCIPAL PERFORMANCE MEASURES

Performance Measure Descriptions

- 1) **Annual Performance Evaluation:** Principal is rated as meeting or exceeding the standards for all principals set forth in the Chief Executive Officer's annual principal evaluation conducted by the School Improvement Officer (turnaround) or Chief Area Officer (transformation).
- 2) **ISAT Composite Rate of Meet/Exceed State Standards:** Meet the aggressive annual ISAT student performance goal (% meet/exceed), showing a dramatic improvement in the percentage of students who meet/exceed state standards over the previous year, which goal shall be established in annual goal setting done in connection with the annual principals evaluation.
- 3) **Annual ISAT Reading Rate:** Meet the aggressive annual ISAT student performance goal (% meet/exceed), showing a dramatic improvement in the percentage of students who meet/exceed state standards over the previous year, which goal shall be established in annual goal setting done in connection with the annual principals evaluation.
- 4) **Annual ISAT Math Rate:** Meet the aggressive annual ISAT student performance goal (% meet/exceed), showing a dramatic improvement in the percentage of students who meet/exceed state standards over the previous year, which goal shall be established in annual goal setting done in connection with the annual principals evaluation.
- 5) **Algebra Initiative:** School offers an 8th grade algebra course and meets goal of number of students who pass algebra course, which goal shall be established in annual goal setting done in connection with annual principal's evaluation.
- 6) **Climate & Culture:** There is at least a 30% reduction in the number of Group 4-6 student acts of misconduct at the assigned school compared to the prior year's rate.
- 7) **Student Attendance Rate:** The school achieves a 95% or higher attendance rate at the assigned school.

HIGH SCHOOL PRINCIPAL PERFORMANCE MEASURES

Performance Measure Descriptions

- 1) **Annual Performance Evaluation:** Principal is rated as meeting or exceeding the standards for all principals in the Chief Executive Officer's annual principal evaluation conducted by the School Improvement Officer (turnaround) or Chief Area Officer (transformation).
- 2) **One Year Dropout Rate:** The school reduces the one year dropout rate to 5%, or there is at least a five percentage point (5%) decrease in one year drop out rate at the assigned school compared to the prior year's rate.
- 3) **Freshmen On-Track Rate:** The school increases the Freshmen On-Track rate to 95%, or there is at least a five percentage point (5%) increase in Freshmen On-Track rate at the assigned school compared to the prior year's rate.

- 4) **% of Graduating Students Enrolled in College:** The school increases the % of Graduating Students Enrolled in College to 90%, or there is at least a five percentage point (5%) increase in % of Graduating Students Enrolled in College at the assigned school compared to the prior year's rate.
- 5) **PSAE Composite Rate of Meet/Exceed State Standards:** Meet the aggressive annual PSAE student performance goal (% meet/exceed) showing a dramatic improvement in the percentage of students who meet/exceed state standards over the previous year, which goal shall be established in annual goal setting done in connection with the annual principals evaluation.
- 6) **EPAS Expected Gains Rate in Reading:** Meet the aggressive annual EPAS student performance goal (% meeting Expected Gains), showing a dramatic improvement in the percentage of students who meet expected gains as a cohort group, which goal shall be established in annual goal setting done in connection with the annual principal's evaluation.
- 7) **EPAS Composite Expected Gains Rate:** Meet the aggressive annual EPAS student performance goal (% meeting Expected Gains), showing a dramatic improvement in the percentage of students who meet expected gains as a cohort group, which goal shall be established in annual goal setting done in connection with the annual principal's evaluation.
- 8) **Climate & Culture:** There is at least a 20% reduction in the number of Group 4-6 student acts of misconduct at the assigned school compared to the prior year's rate.
- 9) **Student Attendance Rate:** The school achieves a student attendance rate of 90%, or there is at least a five percentage point (5%) growth in student attendance at the assigned school compared to the prior year's rate.

PERFORMANCE BONUS AMOUNT

The maximum performance bonus a principal is eligible to receive under the incentive plan is determined by a bonus threshold – calculated by using the school's 20th day student membership for the school year in question. The annual performance bonus available cannot be less than \$5,000 nor exceed \$12,000 regardless of the number of students in the attendance center.

The maximum eligible performance bonus amount should be calculated according to the following table:

20th Day Membership for Bonus Year	Max Performance Bonus Amount
0-300	\$5,000
301-500	\$8,000
501-800	\$10,000
801-Over	\$12,000

Within the maximum threshold amount determined by student enrollment, the actual bonus amount payable shall be determined based upon the number of performance measures met as follows:

FOR ELEMENTARY SCHOOL PRINCIPALS:

Performance Measure	Bonus Amount Eligibility
1 and 2 met	100% of Maximum Bonus Amount
1, 3, 4 met	80% of Maximum Bonus Amount
1 met and either 3 or 4 met	50% of Maximum Bonus Amount
1 & 5,6, or 7 met	20% of Maximum Bonus Amount
1 met (2, 3, 4, 5, 6 and/or 7 not met)	No Bonus
1 not met (but 2, 3, 4, 5, 6 and/or 7 are met)	No Bonus

FOR HIGH SCHOOL PRINCIPALS:

Performance Measure	Bonus Amount Eligibility
1, 7 and six others met	100% of Maximum Bonus Amount
1, 7 and five others met	80% of Maximum Bonus Amount
1, 7 and four others met	50% of Maximum Bonus Amount
1 and six others met	20% of Maximum Bonus Amount
any other combinations	No Bonus

- a) The performance bonus shall not be considered part of the principal's full salary rate and shall not be subject to pension contributions. Payment of this performance bonus shall be subject to all other standard withholdings and deductions.
- b) After the evaluation of the Performance Measures for the eligible school year, the supervising School Improvement Officer or Chief Area Officer shall notify principals in writing of whether they are eligible to receive a performance bonus and the bonus amount.

Timing of Payments: All payments will be processed as soon as administratively possible following the successful completion of the eligibility requirements. The employee must be employed and in good standing at CPS to receive payment. Upon the School Improvement Officer's determination that a principal is eligible for an incentive bonus, a recommendation is made to the Chief Executive Officer that the principal shall receive payment of the bonus in a lump sum amount less any standard withholdings and deductions. The bonus payment amount shall not be considered part of the principal's full salary rate and shall not be subject to pension contributions.

Proration Conditions: The CEO shall prorate performance and retention bonuses as follows:

- a) Performance Bonuses shall be prorated only if a principal has been assigned to the school for a period of more than five months during the school calendar. The proration shall be based on the percentage of full school months assigned at the school (generated by full school months assigned/10 months) times the bonus amount.
- b) Retention bonuses shall be prorated only if the principal began his/her first year of assignment to the school for which he/she is eligible for the bonus after the first day of teacher attendance. In that case, the proration shall be based on the percentage of full school months assigned at the school (generated by full school months assigned/10 months) multiplied by the bonus amount.

Summary:

Bonus Type	Eligibility	Pro Rate?	Timing
Assignment (One time \$10,000 bonus)	One time \$10,000 non-pensionable bonus (Limited to one bonus every 24 months) Signed commitment to remain additional school year Remain CPS principal at "turnaround" or "transformation" school	No	Payable at the end of a completed full school year
Retention (Available every 3 years for \$15,000)	Every 3 years, eligible for \$15,000 non-pensionable bonus Successful completion of three (3) years at same school (Limited to two bonuses at the same school) Remain CPS employee	Yes	Payable at the end of three full school years at same "turnaround" or "transformation" school
Annual Performance (If criteria met, eligible for \$5,000 to \$12,000 based on 20 th day student membership)	Performance measure fulfillment Remain CPS employee Between \$5,000 to \$12,000	Yes – if joined school at least 2 months before state testing If joined with less than 2 months before state testing, no pro rate for that school year	Payable when all data is received by the District to determine performance completion