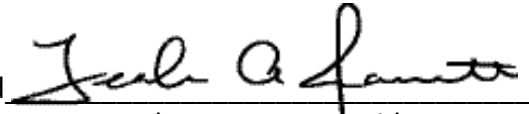




Monitoring Report
EL-07 Compensation and Benefits
February 17, 2022

I hereby present my monitoring report on the **Executive Limitations Policy EL-07: Compensation and Benefits** according to 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 11 February 2022

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 reducing risk with internal controls to ensure the College does not cause or allow jeopardy to equitable compensation and benefits provided to employees, consultants, contract works and volunteers. Northeast's compensation philosophy is to administer and maintain 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. Institutional goals, position responsibility, and market information are the key considerations in determining employee salaries. The College provides an atmosphere and public image that demonstrates a commitment to service, excellence, and customer satisfaction. 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).
- B. The college's annual total compensation increase is taken into consideration with market and projected budget availability.
- C. The use of the same method to determine compensation and benefits is calculated consistently based on the employee classification as provided in the current collective bargaining agreements and all written human resources procedures.
- D. The College uses compensation and administrative services protocols to calculate the faculty array and the Bureau of Labor Statistic and the Consumer Price Index as a 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 college administration for approval of a feasible total compensation increase percentage as outlined in State Statute. 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 Associate Vice President of Human Resources provide the Payroll, Accounting, and Human Resources departments 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 shall not:

2. Promise or imply permanent employment.

INTERPRETATION

I interpret permanent employment as an employer/employee relationship that is expected to last as long as the employee wants to maintain the relationship. Nebraska is an "Employment at Will" state. That means the employer and the employee have equal rights to terminate employment at any time for any reason as long as no other law is being violated. Faculty employees follow the provisions of State Statute 85-1528 Source: <https://nebraskalegislature.gov/laws/statutes.php?statute=85-1528>

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/BP7327.pdf>
<https://neccweb.azureedge.net/documents/policies/BP7231.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 compensation protocols and collective bargaining agreements through the negotiation process to establish a process for assessing total compensation that compares competitively with market and employees are paid appropriately for the skills in their job descriptions.

EVIDENCE

- A. A compensation study was conducted at the Northeast 10 years ago. The need for another compensation study was identified in fiscal year 2021. The College formed a compensation and benefits 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*, and the work will commence immediately.
- B. The College uses compensation and administrative services protocols to calculate the faculty array and the Bureau of Labor Statistic and the Consumer Price Index as a benchmark.

...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 use of the faculty array calculation and a negotiation spreadsheet for percentage increase scenarios to assess the potential budget impact. This is conducted by the Vice President of Administrative Services, Associate Vice President of Human Resources and Executive Director of Administrative Services positions.

EVIDENCE

- A. Budget projections for fiscal year 2023 will forecast projected revenue based on: a) the tuition and fee rates set by the Board in November of 2021, 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 each calendar year in the spring semester.
- B. Beginning in fiscal year 2023, the College will take into consideration any unspent personnel dollars from the prior year's budget and carry over those cash reserves to apply to the personnel increase for the following fiscal year.
- C. The College has health, life, and long-term disability insurance benefits for all full-time employees. In addition, there are ample leave benefits available for applicable employees as provided in college procedures. Source:
 - AP-7410.0 Adoption Leave <https://neccweb.azureedge.net/documents/policies/AP74100.pdf>
 - AP-7410.1 Annual Leave <https://neccweb.azureedge.net/documents/policies/AP74101.pdf>
 - AP-7410.2 Emergency Leave <https://neccweb.azureedge.net/documents/policies/AP74102.pdf>
 - AP-7410.3 Family and Medical Leave <https://neccweb.azureedge.net/documents/policies/AP74103.pdf>
 - AP-7410.4 Jury and Court Leave <https://neccweb.azureedge.net/documents/policies/AP74104.pdf>
 - AP-7410.5 Leave of Absence <https://neccweb.azureedge.net/documents/policies/AP74105.pdf>
 - AP-7410.6 Military Leave <https://neccweb.azureedge.net/documents/policies/AP74106.pdf>
 - AP-7410.7 Personal Leave <https://neccweb.azureedge.net/documents/policies/AP74107.pdf>
 - AP-7410.8 Sick Leave <https://neccweb.azureedge.net/documents/policies/AP74108.pdf>
 - AP-7410.9 Maternity Leave <https://neccweb.azureedge.net/documents/policies/AP74109.pdf>
 - AP-7411.0 Volunteerism <https://neccweb.azureedge.net/documents/policies/AP74110.pdf>

- BP-7510 Medical and Dental Insurance <https://neccweb.azureedge.net/documents/policies/BP7510.pdf>
- BP-7520 Life Insurance <https://neccweb.azureedge.net/documents/policies/BP7520.pdf>
- BP-7530 Disability Insurance <https://neccweb.azureedge.net/documents/policies/BP7530.pdf>
- BP-7540 Workers' Compensation <https://neccweb.azureedge.net/documents/policies/BP7540.pdf>
- AP-7540.0 Workers' Compensation <https://neccweb.azureedge.net/documents/policies/AP75400.pdf>

...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 which 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 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 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 that complies 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 ("the Team") that is delegated to choose and monitor plan funding options. It is the intent of the Team 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 Team

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 Fall of 2021, the Team conducted an RFP to engage in third-party retirement consultants to be a co-fiduciary. After review of 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 will be formally onboarding with the College starting in February 2022 to develop plans and next steps.
- C. The compensation study that will occur in 2022 will provide 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.