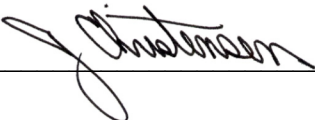


**EXECUTIVE LIMITATION 1.4 –
COMPENSATION/BENEFITS/EMPLOYMENT**

TO: Board of Education

From: Superintendent – DCSD

I hereby present my monitoring report on our Compensation, Benefits and Employment Executive Limitation 1.4 in accordance with the monitoring schedule. I certify the information in this report is true.

Signed:  _____ Date: January 16, 2009

EL 1.4 Compensation/Benefits/ Employment

With respect to employment and benefits for employees, consultants and contract workers, the Superintendent shall not cause or allow jeopardy to the fiscal integrity or public image of the District.

Interpretations:

“...consultants and contract workers...” are suppliers who provide specialized services that were previously defined in EL 1.6 on December 16, 2008. These individuals are on contracts which are temporary in nature with a start and an end date agreement.

“...cause or allow jeopardy to the fiscal integrity or public image of the District” is to ensure all District-funded personnel costs will not create an expense that produces an unfunded obligation for the district in being able to meet our payroll and service payables. The District also, conducts background and reference checks and completes CDE licensure verifications as appropriate in order to not impact negatively the district’s public image by employing unqualified personnel.

Data Reported for Compensation:

REPORT

PROGRAM	Budget 07-08 \$	Actuals 07-08 \$	Variance \$
Severance	1,912,121	2,022,321	(110,200) a
Salaries	259,560,512	260,198,960	(638,448) b
Extra Resp. Pay	2,139,147	2,116,675	22,472
Substitute Program	4,628,160	4,211,084	417,076
Purchased	3,707,481	3,735,517	(28,036) c

Professional & Tech. Services			
TOTAL:	271,947,421	272,284,556	(337,135)

Note: Data provided by Budget Department

a = Severance Budget was based on trending from the previous year's actuals. We had more employees to separate from the district than planned along with some payouts for SY 2007-08 being carried over into SY 2008-09.

b = Overrun was due to: Class Coverage overruns, Writing of Curriculum extra duties, coding to Extra Responsibility Pay versus charging to Salaries and Overtime usage..

c = Purchased Professional and Technical Services overrun was due to: Staff Counsel "outside" legal expenses for ISS due process cases and BOE Audit Services for financial audits to list a few examples that created the [\$28,036] in total overruns.

Severance, Salaries and our Substitute Program actuals under ran their respective budgets.

Data Reported for Benefits Program:

1] Medical/Dental/Vision Programs:

These programs were severely impacted by rising medical costs and increased usage by our employees. As of the end of June/2008, we are showing a small positive variance of \$4,760 -- revenue vs. expenses. Our "stop loss" program, which starts at \$400,000, continues to support our employees with catastrophic illnesses.

With premiums raised 12.1% for School Year 2008-09, we have incurred a positive balance as of November 30, 2008 of \$65,681. Efforts for this next School Year will focus on: Disease Management Initiatives, continuing to raise co-pays and/or plan design changes and begin an aggressive District Wellness Program.

2] Pay for Performance Programs:

These programs ended the SY 2007-08 with a negative variance of \$309,165: \$4,367,254 actual dollars expended vs. \$4,058,089 budgeted – due to greater interest than forecasted for Certified "Outstanding" and "Skills Block" payouts. Payout caps have been put in place to not exceed the budget for SY 2008-09. Also, over \$750,000 has been cut from this budget as a part of the \$21M. overall budget reduction for SY 2008-09.

Data Reported for Employee Hiring Process:

Background history, reference checks and licensure verifications with CDE are completed 100% on all new hires by the Human Resources office to ensure the District is hiring qualified employees and thereby, not placing the District's public image at risk. From July 1, 2007 through June 30, 2008, we hired 349 Licensed, 561 Classified, 13

Administrator and 7 Professional/Technical new employees. 100% of them met our hiring criteria.

Mandated training was conducted by Human Resources with 100% of our district hiring managers prior to the beginning of the spring 2008 hiring season. No hiring violations were filed by internal candidates or external applicants. The District had no findings of non-compliance during this report period for discriminatory hiring practices.

NOTE:

As of June 30, 2008, our SY 2007-08 Ending Fund Balance was in compliance at 5.01%. We anticipate non-compliance for SY 2008-09 due to paying more in salary increases and for programming needs than was generated in revenue by the District. Salary freezes or small salary increases will reduce pressure for the long-term on our Ending Fund Balance for SY 2009-10 and beyond since salaries are annuitized. Use of "comp time" in lieu of paying Overtime Expenses will also, help reduce future salary over runs.

I report compliance.