

ESP 4% Incentive Bonus

Revised: June 8, 2006

Board Approved: June 14, 2006

Update in ESP Bonus Years: August 06, 2009

ESP 4% Incentive Bonus – recognizes all department employees for achieving predetermined department financial objectives. The bonus pays employees up to 4% of their salaries in a bonus.

The criteria for the ESP 4% Incentive Bonus is as follows:

- Food & Nutrition Services (FNS) staff members eligible for Incentive Pay are employees of the District categorized as either Full-Time Regular, Part-Time Regular, or Part-Time employees as defined by sections 2.2.1, 2.2.2, and 2.2.4 respectively of the ESP Policy and Procedure Handbook. Substitutes and District 11 students do not qualify for bonus, however "long-term" substitutes where a substitute has been filling the same position at the same location for a period of 3 consecutive months or longer is eligible.
- Up to 4% of an employee's approved gross annual salary pro-rated by the number of full calendar months on payroll (credit not given for periods of authorized leaves of absence or long term medical leaves).
- Payment based on approved salary during the Fiscal Year in which the incentive was earned (or approved hours times rate of pay), not actual pay based on hours worked. (Overtime pay and pay for additional hours above those approved shall be excluded from the incentive program.)
- An employee's bonus payment will be adjusted down for excessive absences (one day's gross pay for every day absent over a 5 day limit), down to a floor of zero. Absences with a note from a physician, and pre-approved personal or vacation leave are exempt from the "5-day" rule.
- Employee must be on Food & Nutrition Services payroll the last day of the period (or the last day normally scheduled to work in the school/fiscal year).
- Individual incentive amounts shall be a one-time lump sum payment, and shall not be cumulative or added to an employee's base salary. Amounts shall be distributed within the second quarter of the following fiscal year upon completion of the Comprehensive Annual Financial Report (CAFR).

The anticipated cost of the incentive bonus will be budgeted annually. The incentive bonus will only be paid when the fund's net income (after the cost of the bonus) achieves "break even" or better (Net Income \geq 0) as per the District's CAFR. If the performance of the fund is not adequate to award the entire 4% incentive pay, a lesser amount may be awarded equal to that amount available above the performance threshold.

Bonus paid to Food & Nutrition Services employees:

(1999 2000 2002 2004 2006 as full 2%, 2007 2008 2009 as full 4%)

Approximate Value of 4% Bonus: \$96,000

The value of an employee absence

Problem Statement:

The FNS has been, at times, crippled by excessive absence in department employees. We are often times forced to close service locations to students. We feel that some department employees abuse the Sick Leave benefit.

187 current employees work 4 or more hours a day making them eligible for sick or personal leave.

Sick/Personal Leave Taken by Employee March 30, 2006 YTD

<u>0</u> <u>hours</u>	<u>1-10</u> <u>hours</u>	<u>11-20</u> <u>hours</u>	<u>21-30</u> <u>hours</u>	<u>31-40</u> <u>hours</u>	<u>40+</u> <u>hours</u>	<u>TOTAL</u> <u>ELIGIBLE</u>
35 emp	32 emp	24 emp	37 emp	15 emp	44 emp	187 emp
18.72%	17.11%	12.83%	19.79%	8.02%	23.53%	100.00%

Almost 25% of our current employees have taken in excess of 40 hours sick/personal leave. This is significant when you consider that most employees do not work an 8-hour day.

We have paid 5,241 hours sick/personal leave this school year through 3/31 = \$45,889.81.

Potential Solution:

1 day of gross pay deduction in ESP Incentive Bonus

Example:

General Assistant that works 4 hours per day who was absent 7 days this year

Hourly rate	\$7.17	<u>Bonus calculation:</u> Annual salary \$4,875.60 4% Bonus \$ 195.02 Less absentee deduction for 2 days over the 5 day limit (1 day of pay for each day) = \$57.36 The employee still earns \$137.66 for an incentive bonus.
Schedule	4 hours per day	
Daily Rate:	\$28.68	
Work Days per year	170	

Cost of this absence to FNS:

If we assume that absences cost the department	If we assume 5 days of absence is tolerable, deducting 1 day of pay for each day absent from the bonus
7 days of sick pay = \$200.76 <u>+ Cost of reduced productivity</u>	2 days of sick pay = \$57.36 <u>+ Cost of reduced productivity</u>