

## CHAPTER 4 – HUMAN CAPITAL

### BACKGROUND

In addition to providing a high-quality education for its students, school systems must provide a variety of resources and services to meet student needs. These resources and services include the following:

- teachers to teach;
- counselors to guide;
- nurses to provide health care;
- school administrators to oversee school operations;
- custodians to keep schools clean;
- maintenance staff to keep buildings in good, safe condition;
- police and safety personnel to keep schools safe;
- cooks and servers to provide healthy meals;
- bus drivers to provide transportation;
- finance staff to manage and protect financial resources;
- technology staff to administer and support the technological infrastructure; and
- human capital staff to ensure that employee compensation packages are competitive; qualified employees are recruited, hired and retained; and compliance with labor laws is maintained.

### CHAPTER HIGHLIGHTS

- The School System has many innovative practices to help attract and recruit qualified staff. Additionally, they maintain a pool of qualified applicants to facilitate the hiring process when a vacancy occurs.
- The School System offers their educators higher salaries than the surrounding school systems. When measured against surrounding school systems in 13 teacher and academic salary categories tracked by the state, the School System ranks among the top ten school systems in 9 of the 13 categories.
- The School System's Human Capital Services Department is not structured and functioning optimally to support human capital needs and should align employee activities within the department to report to the appropriate function leader.
- The School System has experienced high teacher turnover rates over the past three school years and should develop a plan to stabilize teacher retention.
- The division of employee benefit plans between Metropolitan Nashville Government for non-certificated (support) staff and the School System for certificated (teaching) staff causes higher cost to the School System and creates an

The School System must offer competitive compensation, benefits, and career path opportunities to attract and retain the best employees. School systems must also have written disciplinary procedures in place when employees do not meet expectations or follow established policies and procedures.

Given the diverse employee needs required to run school systems, it is vital that the Metropolitan Nashville Public Schools System's (the School System) Human Capital Services Department (Human Capital) consist of qualified staff that have been formally trained in human capital management regulations and procedures. Equally critical for effective human capital operations is the presence of documented policies, procedures, and business processes for recruiting, hiring, training, evaluating, and retaining. Additionally, federal employment regulations and labor relations reporting and compliance requirements must be followed.

The School System's Human Capital Services Department's mission statement is as follows:

*"The purpose and direction of the Human Capital Services (HCS) department is to advance the overall mission of MNPS. HCS achieves its mission by providing services that support the District in recruiting, employing, retaining, and developing faculty and staff.*

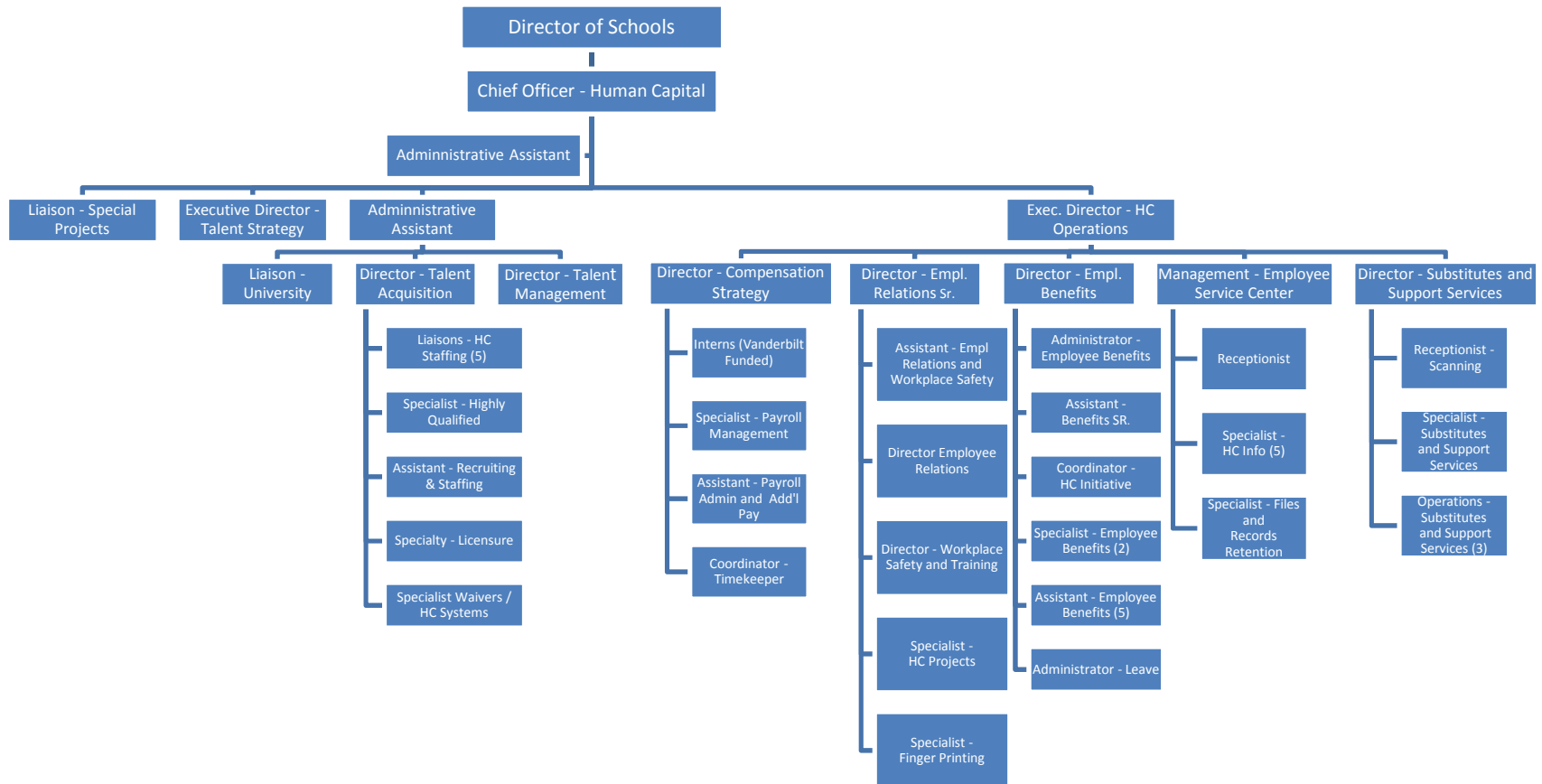
*The focus of HCS is to contribute to the maximization of a high-level of personal and group performance through the provision of a full-range of centralized, comprehensive human capital management services, internal consulting, problem resolution, and benefits that promote the health and productivity of every employee."*

The School System's Human Capital Services Department reports to the director of schools and is staffed with the chief officer of Human Capital and 51 full-time employees plus two administrative assistants. Additionally, Vanderbilt University funds interns assigned to the compensation strategy function. The department is organized into the following three divisions in addition to the chief of Human Capital and the two administrative assistants:

1. special projects & asset – one employee.
2. talent strategy – 13 employees.
3. human capital operations – 37 employees plus Vanderbilt University funded interns.

**Exhibit 4-1** depicts the Human Capital Services Department's organization at the time of the on-site visit for this review.

**Exhibit 4-1**  
**Metropolitan Nashville Public School Human Capital Organization**



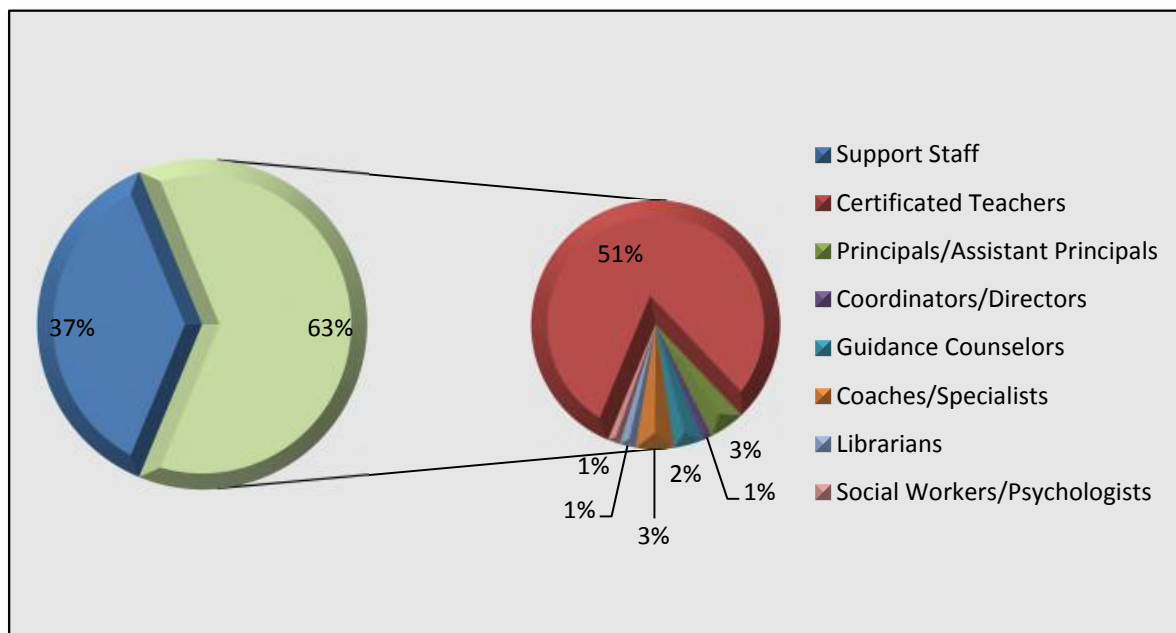
Source: Metropolitan Nashville Public Schools, Human Capital Services Department Organization Chart Last Revised October 30, 2013.

The School System employed 10,120 individuals in 2012-2013 of which the staffing composition was 5,166 teachers, 289 principals & assistant principals, 870 school based staff such as coordinators, counselors and librarians, and 3,795 support staff. The School System classifies employees into two categories:

- certificated staff – employees that are directly involved in education such as teachers, principals, coordinators, counselors, coaches, librarians, social workers and psychologists; and
- non-certificated (support staff) – all employees that are not directly involved with student education such as accountants, food service staff, maintenance and custodial staff, transportation, library clerks, educational assistants and administrative assistants.

In 2012-2013, 63 percent of the School System’s employees were certificated employees and 37 percent were support staff. **Exhibit 4-2** summarizes the School System’s staffing composition for 2012-2013.

**Exhibit 4-2  
Staff Composition  
2012-2013**



Source: 2013-2014 Budget Book, page 25. Second chart totals 62 percent instead of 63 percent due to rounding.

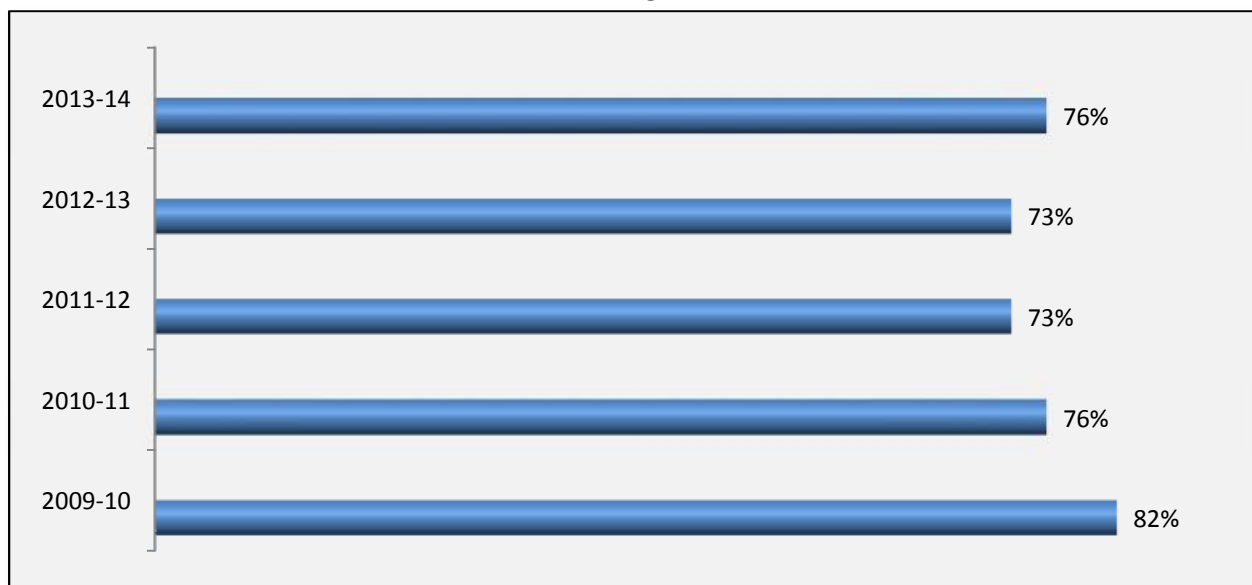
The largest operating expense incurred by school districts is personnel costs. On average, a district’s payroll cost is 75 to 85 percent of its annual operating budget. School districts throughout the United States operate with different sources of revenue, the primary sources being revenues received from state funds followed by local tax dollars and federal funds. Districts place these revenues into their general operating fund.

Another substantial source of funds are grants. Most grant funds are received through the federally-funded government programs such as Title I, Part A, which provides financial assistance to schools with

children from low-income families to help ensure they meet academic standards. In addition, the federal government provides Title 2 funds to prepare, train, and recruit high-quality teachers and principals. School districts maintain grant funds in special revenue accounts that are restricted in their use.

The School System's total budgeted payroll costs as a percentage of total General and Grant fund revenue was 82 percent for 2009-2010. The percentage decreased to 76 percent for 2013-2014. **Exhibit 4-3** summarizes payroll expenditures as a percentage of General and Grant Fund revenue for 2009-2010 through 2013-2014.

**Exhibit 4-3**  
**Budgeted Payroll Costs as a Percentage of General and Grant Fund Revenue**  
**2009-2010 through 2013-2014**

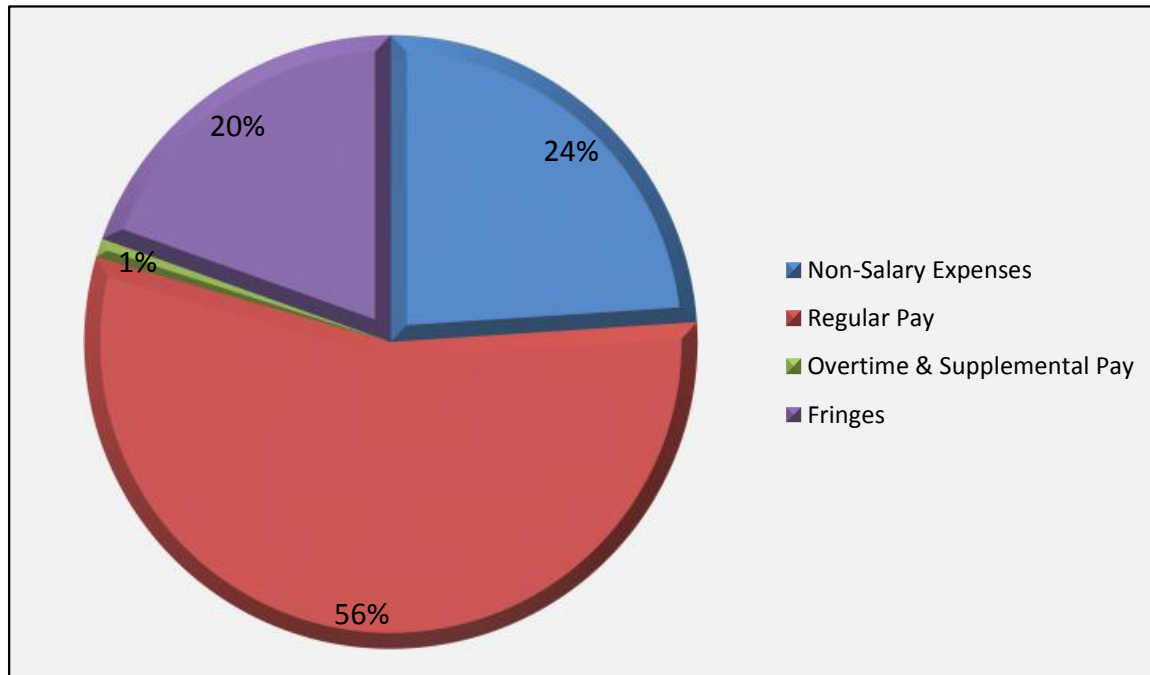


*Source: Compilation from the Metropolitan Nashville Public Schools Budget Book 2013-2014, pages 80 and 82.*

Personnel costs consist of salaries, overtime, supplemental pay for additional duties performed (other salary codes), and fringe benefits. An analysis of the School System's total personnel costs reveal that overtime is less than one percent of General and Grant Fund revenues. This low percentage is one indication that the School System manages overtime effectively.

Salary expenses comprise 56 percent of General and Grant Fund revenues while fringe benefits comprise 20 percent. **Exhibit 4-4** shows the 2013-2014 composition of the School System's expenditures as a percentage of General and Grant Fund revenues.

**Exhibit 4-4  
Expenditure Components  
2013-2014**



Source: Metropolitan Nashville Public Schools Budget Book 2013, pages 80 and 82. Adds to 101 percent due to rounding.

The School System must provide competitive salaries and benefits to attract and retain staff. The Tennessee Education Association consolidates, ranks, and issues reports on Tennessee school district salaries. In the 2012-2013 report, between 92 and 94 school districts reported salaries by degree type. In addition, between 130 and 136 districts reported average salaries by personnel classification. **Exhibit 4-5** summarizes the reported categories and the number of school districts reporting.

**Exhibit 4-5  
Tennessee Education Association School System Ranking Categories and Respondents  
2012-2013**

Category	Number of School Systems Reported
Teachers - Bachelor's Degree Minimum Salary	92
Teachers - Bachelor's Degree Maximum Salary	94
Teachers - Master's Degree Minimum Salary	93
Teachers - Master's Degree Maximum Salary	93
Education Specialist Degree - Minimum	92
Education Specialist Degree - Maximum	94
Doctor's Degree - Minimum	94
Doctor's Degree - Maximum	94
<b>Average Salaries of Classroom Teachers</b>	<b>136</b>

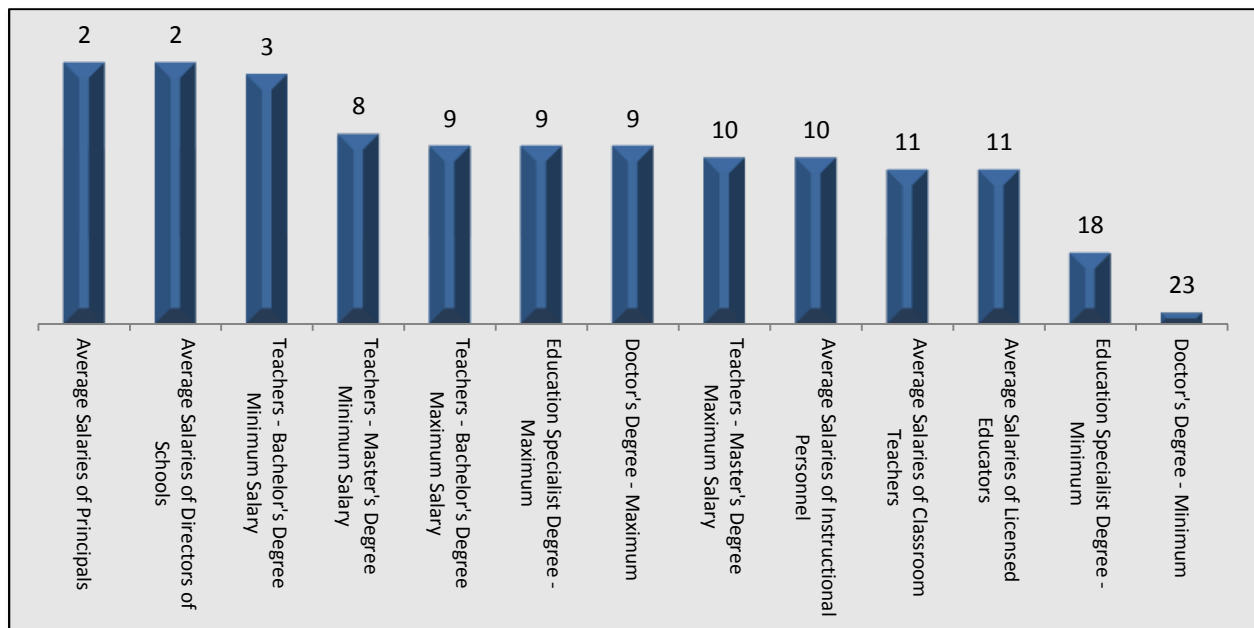
**Exhibit 4-5  
Tennessee Education Association School System Ranking Categories and Respondents  
2012-2013 (Cont'd)**

Category	Number of School Systems Reported
Average Salaries of Instructional Personnel	<b>134</b>
Average Salaries of Licensed Educators	<b>136</b>
Average Salaries of Principals	<b>136</b>
Average Salaries of Directors of Schools	<b>130</b>

Source: Tennessee Education Association-Tennessee School Systems Profile Rankings, 2012-2013.

Analysis of the School System's 2012-2013 salaries, compared to other local school districts and the top six counties in Tennessee, reflects that the School's Systems salaries are competitive. The School System's salaries ranked in the top ten - for nine of the 13 salary categories tracked by the state. The two categories where the School System is slightly less competitive are in the minimum education specialist and doctor degree categories. **Exhibit 4-6** presents the School System's salary ranking compared to other systems across the state. The rankings range from 2nd to 23rd place.

**Exhibit 4-6  
Metropolitan Nashville Public Schools Salary Ranking within Tennessee School Systems  
2012-2013**

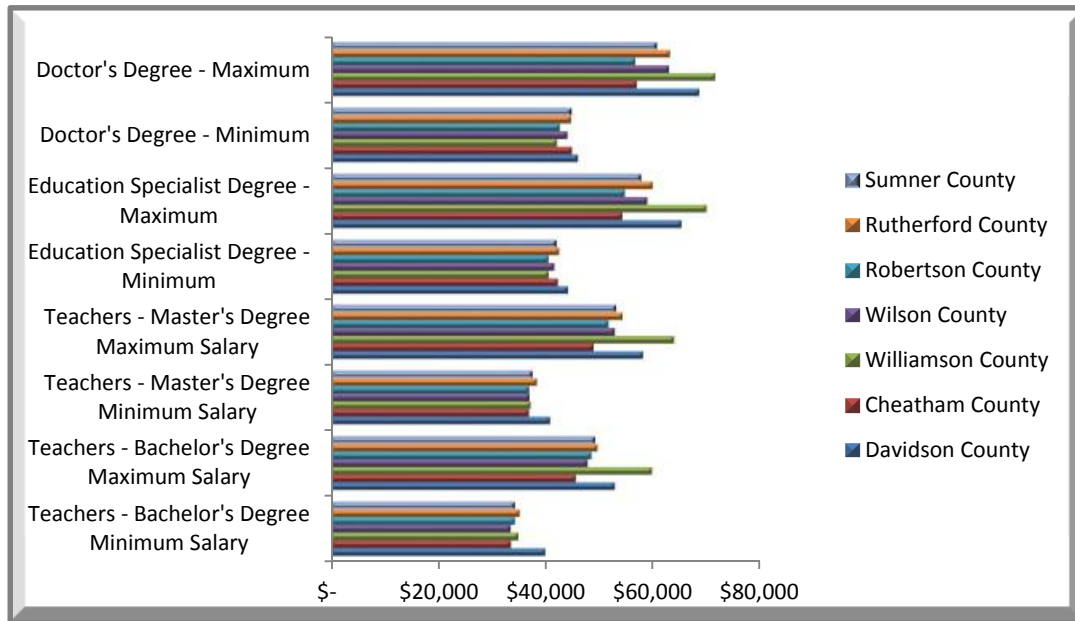


Source: Tennessee Education Association - Tennessee School Systems Profile Rankings.

Surrounding communities are usually the top competitors for school system educators. Therefore, it is important for the School System to provide salaries that are comparable within the local area. Comparison of the School System's salaries to those reported for surrounding school systems shows that at the minimum salary for educators with doctor degrees, the minimum for education specialists, the minimum for teachers with masters degrees, and the minimum for teachers with bachelor's degrees, the School System offers their educators higher salaries than the surrounding school systems. In all

other salary categories, the School System ranks second to Williamson County. **Exhibit 4-7** provides a comparison of the School System’s salaries, by educational degree, to surrounding school systems.

**Exhibit 4-7**  
**School System Salaries by Educational Degree Compared to Local School Systems**  
**2012-2013**

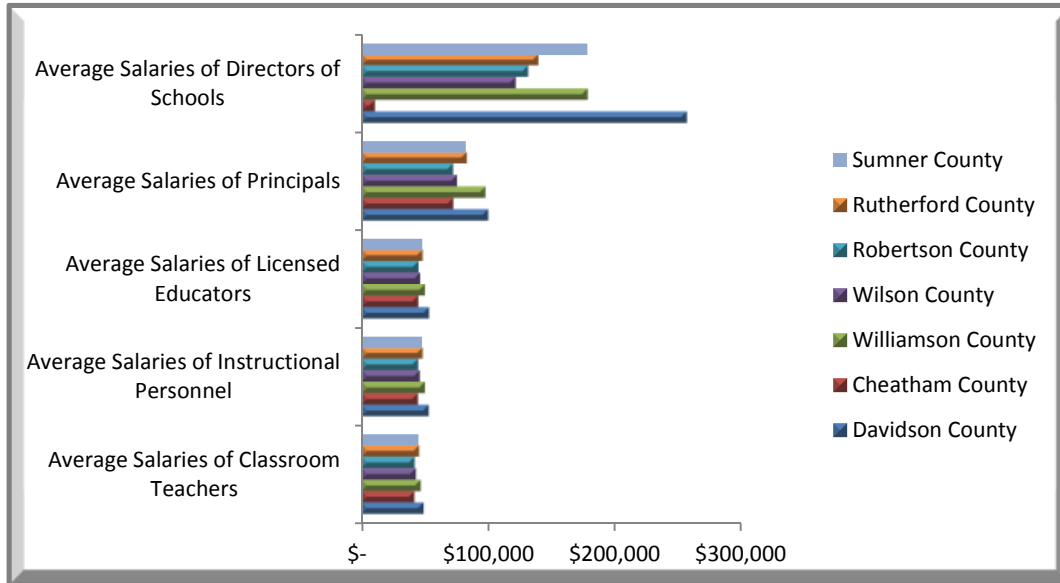


Source: Tennessee Education Association – Tennessee School Systems Profile Rankings, 2012-2013.

When comparing average salaries, the School System is slightly more competitive in all categories as shown in **Exhibit 4-8**.



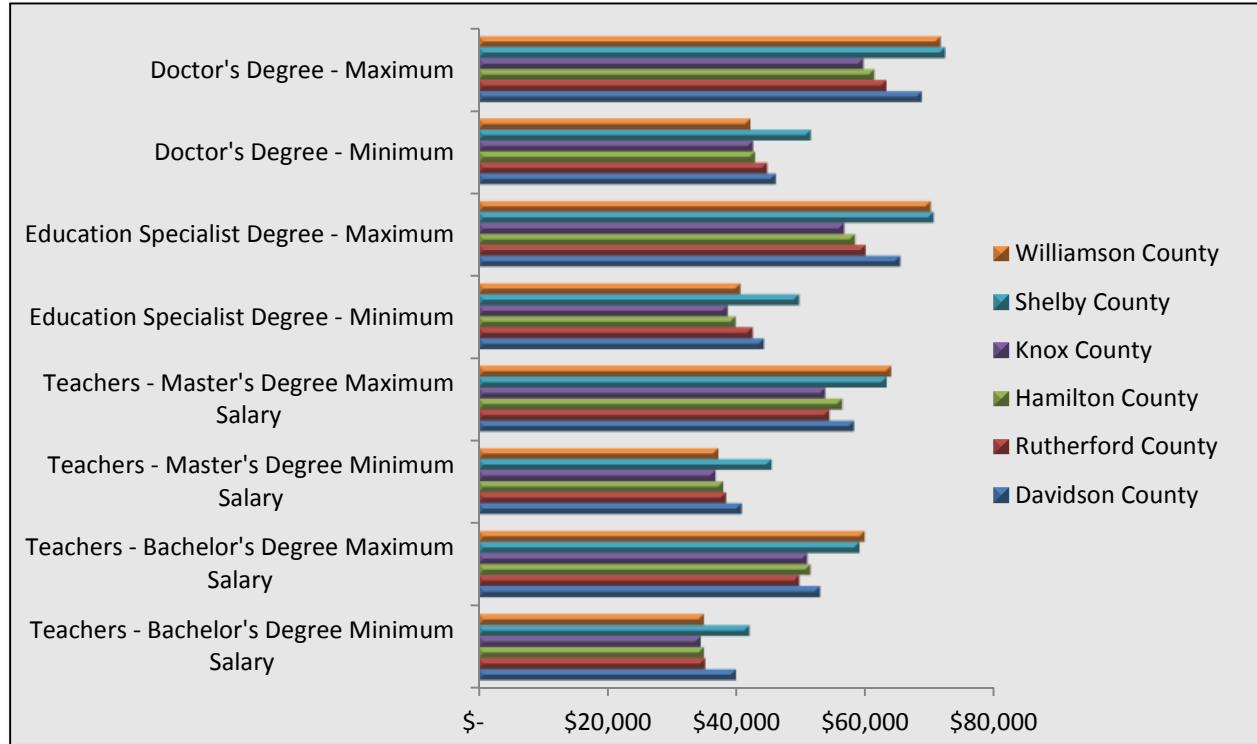
**Exhibit 4-8**  
**School System Average Salaries Compared to Local School Systems**  
**2012-2013**



Source: Tennessee Education Association – Tennessee School Systems Profile Rankings, 2012-2013.

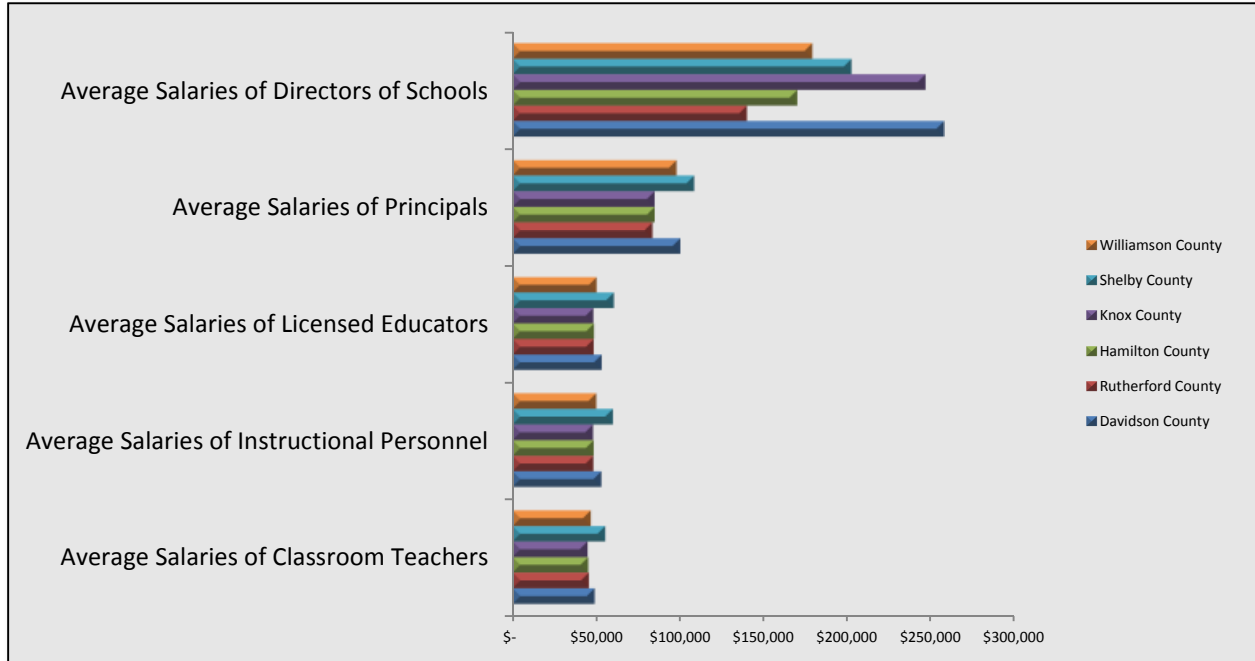
Expanding upon the salary comparisons shows that the School System’s salaries are also competitive with the largest counties in the state. **Exhibits 4-9** and **4-10** provide a comparison of the School System’s salaries to school systems in the largest six counties of the state; Shelby County (Memphis), Davidson County (Nashville), Knox County, Hamilton County (Chattanooga), Rutherford County and Williamson County.

**Exhibit 4-9**  
**Metropolitan Nashville Public Schools Actual Salaries Compared to Largest Tennessee School Systems**  
**2012-2013**



Source: Tennessee Education Association – Tennessee School Systems Profile Rankings, 2012-2013.

**Exhibit 4-10**  
**Metropolitan Nashville Public Schools Salaries Compared to Largest Tennessee School Systems**  
**2012-2013 Actual Salaries**



Source: Tennessee Education Association – Tennessee School Systems Profile Rankings, 2012-2013.

## BEST PRACTICES

Best practices are methods, techniques, or tools that have consistently shown positive results, and can be replicated by other organizations as a standard way of executing work-related activities and processes to create and sustain high performing organizations. When comparing best practices, similarity of entities or organizations is not as critical as it is with benchmarking. In fact, many best practices transcend organizational characteristics.

McConnell Jones Lanier & Murphy LLP (or the review team) identified 17 best practices against which to evaluate the School System’s human capital function. **Exhibit 4-11** provides a summary of these best practices. Best practices that the School System does not meet resulted in observations, which we discuss in the body of the chapter. However, all observations included in this chapter are not necessarily related to a specific best practice and not all best practices met result in an accomplishment.

**Exhibit 4-11**  
**Summary of Best Practices – Human Capital Management**

Best Practice Number	Description of Best Practice	Met	Not Met	Explanation
1.	The school system conducts a regular survey of market to current salaries and compensation packages to ensure it is competitive to attract and retain employees.	X		The human capital employee responsible for compensation conducts a national survey of market salaries each year then presents the recommended salaries to administration for review, modifications and approval. The ultimate pay increases are dependent upon budget availability and state mandates. <b>See Accomplishment 4-C.</b>

**Exhibit 4-11  
Summary of Best Practices – Human Capital Management (Cont’d)**

Best Practice Number	Description of Best Practice	Met	Not Met	Explanation
2.	The school system designed a benefit plan that helps achieve the organization’s and employee’s goals.		X	The School System does have a benefit plan that is aligned with the budget and employee goals. However, because support staff are considered Metropolitan Nashville Government employees they are required to be a part of their benefit plan while certificated employees are on Metropolitan Nashville Public Schools benefit plan. The Metropolitan Nashville Charter requires separate benefit packages for certificated employees. The separate benefit package causes higher cost to the School System and creates a perception of inequity among employees. <b>See Observation 4-C.</b>
3.	The school system has an employee wellness program that is easy to use while promoting the health and well-being of all employees.	X		The School System has established five Family Health Care Centers that are open to all Metropolitan Nashville Public Schools and Metropolitan Nashville Government employees and retired certificated employees. <b>See Accomplishment 4-B.</b>
4.	The school system uses cost-containment practices for its Workers’ Compensation Program, which includes procedures to conduct regular inspections of work place facilities to identify and remedy hazardous situations before injuries occur.		X	The School System’s Human Capital Services Department has a position dedicated to workplace safety. However, regular inspections are not performed due to understaffing within the workplace safety function. <b>See Observation 4-A.</b>

**Exhibit 4-11**  
**Summary of Best Practices – Human Capital Management (Cont'd)**

Best Practice Number	Description of Best Practice	Met	Not Met	Explanation
5.	The school system uses automated tools to integrate the on-line job application with the hiring process.	X		The School System does not accept paper employment applications and uses AppliTrack for its on-line job applications. This system is being interfaced with the Human Capital's SharePoint site so that the application and hiring process can be fully automated. <b>See Accomplishment 4-C.</b>
6.	The school system maintains personnel records in an efficient and readily accessible manner.	X		The Human Capital Services Department is in the process of scanning and digitizing all employee files and records. <b>See Accomplishment 4-C.</b>
7.	The school system has procedures in place to ensure personnel files contain all required documentation and then performs regular reviews, updates required documents and purges personnel file contents of unnecessary documents.		X	Personnel file documentation is inconsistent. Some files are missing required documents and may also include extraneous or old documents that are not required to be maintained. <b>See Observation 4-D.</b>
8.	The school system maintains a user-friendly web-page where employees can access human capital information.	X		The Human Capital web-pages are up-to-date and easy to navigate through. Policies, benefit information, frequently asked questions, and contacts are provided on the web-pages. <b>See Accomplishment 4-C.</b>
9.	The school system publishes an updated comprehensive employee handbook each year.	X		The employee handbook is updated on an annual basis and published electronically for all employees to access.

**Exhibit 4-11  
Summary of Best Practices – Human Capital Management (Cont'd)**

Best Practice Number	Description of Best Practice	Met	Not Met	Explanation
10.	The school system publishes human capital policies on-line.	X		The Human Capital web-pages contain updated human capital policies.
11.	The school system efficiently and effectively recruits and hires qualified instructional and non-instructional personnel.	X		The School System has many innovative practices to help attract and recruit qualified staff. Additionally, they maintain a pool of qualified applicants to facilitate the hiring process when a vacancy occurs. <b>See Accomplishment 4-A.</b>
12.	To the extent possible given factors outside the School System's control, they strive to maintain a reasonably stable work force and a satisfying work environment by addressing factors that contribute to increased turnover or low employee morale.		X	The School System has high teacher turnover. <b>See Observation 4-B.</b>
13.	The school system provides a comprehensive staff development program to improve student achievement and to achieve and maintain high levels of productivity and employee performance among non-instructional, instructional, and administrative employees.	X		The Human Capital Services Department's talent management function works in conjunction with the School System's executive director of Secondary Instruction to identify training and development needs then develop training sessions to meet those needs.

**Exhibit 4-11**  
**Summary of Best Practices – Human Capital Management (Cont’d)**

Best Practice Number	Description of Best Practice	Met	Not Met	Explanation
14.	The school system’s process for formally evaluating employees improves and rewards excellent performance and productivity, and identifies and addresses performance that does not meet the School System’s expectations for the employee.	X		The School System has adopted the state’s performance evaluation system that rewards performance. The evaluation system also identifies low performance.
15.	The school system’s human capital program is managed effectively and efficiently.		X	Some human capital functions are not performing efficiently. <b>See Observation 4-A.</b>
16.	The school system has established programs to ensure that new teachers receive the support and guidance they need to maximize their chances for success.	X		The School System has a new teacher mentoring system and also provides extensive staff development tailored towards new teachers.
17.	Processes are in place to gain an understanding of the district’s staffing needs and develop recruiting and retention strategies to meet those needs.	X		The Human Capital Service Department’s talent acquisition function is responsible for working with principals and administrators to identify their staffing needs and the recruiting of qualified staff to fulfill those needs. <b>See Accomplishment 4-A.</b>

Source: McConnell Jones Lanier & Murphy LLP Review Team.



## ACCOMPLISHMENTS

### ACCOMPLISHMENT 4-A

**The Human Capital Services Department has developed an innovative and effective plan for recruiting staff.**

The School System's Human Capital Services Department has a function dedicated to talent acquisition. The function reports to the executive director of talent strategy and is staffed with 13 employees, including the executive director of Talent Strategy, a director of talent acquisition and two federally funded positions. The talent acquisition function is responsible for working with principals and administrators to identify their needs. They are also responsible for recruiting qualified staff in addition to facilitating the hiring process, reviewing and monitoring licensures and waivers, orientating new employees, and providing services to employees once they are hired. The talent acquisition function uses the following innovative strategies to recruit employees:

- **Social Media** – Facebook Page, the School System's Talent Twitter, LinkedIn Page, and Job Search sites such as Indeed and Simply Hired;
- **Community/University Partnerships** – These are used to conduct information sessions; build relationships with colleges; participate in career fairs in the community; assist colleges with mock interviews for students; and collaborate with universities on student teacher placement;
- **Diversity Recruitment** – The School System also targets recruitment at Historically Black Colleges and Universities (HBCU); partners with Teach for America (TFA) and The New Teacher Project (TNTP); participates in job fairs in Puerto Rico; and cultivates candidates through network of alumni;
- **Virtual Recruitment/Interviews** – The School System has an internal system that allows principals/hiring managers to conduct virtual interviews and provide answers to questions for candidates through virtual means;
- **Internships** – The School System collaborates with Vanderbilt's Owen School of Business to introduce students to the School System through internships;
- **Maintain a Pre-screened Applicant Pool** – Human Capital liaisons pre-screen applicants to reduce hiring time for principals;
- **Employment Branding** – The School System updates their branding with new imagery; ensures all recruiting materials reflect employment brand; and refreshes the Human Capital website on a regular basis; and
- **AppliTrack System** – The School System utilizes a user friendly applicant tracking system and generates approximately 6,000 candidates each year from this system.

**ACCOMPLISHMENT 4-B**

**The School System provides healthcare centers for its employees as part of the employee wellness program.**

The School System has established five Family Healthcare Centers. The five centers are strategically located throughout the School System for easy access by employees and are run by an independent company, University Community Health Services, which is a partnership with Vanderbilt School of Nursing and Vanderbilt Medical Center. The Family Healthcare Centers are available to all School System employees, Metropolitan Nashville Government employees and their dependents, and the School System's certificated retirees and their dependents.

The Family Healthcare Centers have the capability to serve as the primary care doctor for employees. Nurse practitioners work under the supervision of a clinic's physician medical director. Each nurse practitioner has experience in primary care, family practice, and women's health. Same day appointments are available for acute illnesses and minor injuries. Nurse practitioners are available to assist patients who have previously been seen in the clinic by phone 24 hours a day, 7 days a week.

The clinic visit is provided at no cost to employees enrolled in the School System's Certificated Employees Health Plan. For employees who are not enrolled in the School System's Certificated Employees Health Plan, other insurance carriers can be billed and the employee's co-payment is waived.

**ACCOMPLISHMENT 4-C**

**The Human Capital Services Department has taken measures to improve operations.**

The Human Capital Services Department is in the process of implementing initiatives to enhance employee services and address concerns raised in previous reviews. Examples of these initiatives include the following:

- **Electronic Records** – A project has been underway for slightly more than one year to scan and digitize all human capital records, including employee files. Once fully implemented, this initiative will allow Human Capital to reduce paper and have all records electronically available to department staff;
- **SharePoint** – The Human Capital Services Department is working with a third-party to develop a comprehensive SharePoint site to be used for all employee related transactions. At the time of this review, the SharePoint site was significantly completed. This site is intended to be used by all School System staff in their interactions with Human Capital staff. Principals and department managers will initiate job vacancy and hiring requests, which will be linked to their respective budgets and then the School System's on-line employment application system. Employees can submit vacation and retirement requests. Ultimately, full implementation of the SharePoint site will lead to stronger controls and customer service efficiencies;

- **AppliTrack** – The Human Capital Services Department implemented a new electronic applicant tracking system for posting job opportunities. The goal is to eventually have this system communicate with SharePoint to reduce the need to manually enter employee data;
- **Tennessee Educator Acceleration Model (TEAM)** – The School System implemented the state’s new teacher evaluation system, which includes teacher observations, educator self-scoring, growth measures for student performance on state assessments, student achievement measures, student opinion surveys, and professionalism;
- **Strategic Compensation** – The School System is beginning the process of implementing a pay for performance compensation plan. This plan will ensure conformance with the state’s salary requirements;
- **Dedicated Compensation Position** – The department had assigned one full-time position to perform compensation analysis, salary studies, and job description updates to ensure that these crucial activities are performed in a timely and consistent manner;
- **Salary Schedules** – The School System has simplified salary schedules that are easy to maintain and administer. There are four distinct salary schedules that are designed according to the general employment characteristics of each functional group, degrees required or held, number of months worked, or educational level. These schedules are updated annually based on market surveys performed by the employee responsible for compensation;
  - **administrative employees** – This salary schedule applies to principals, assistant principals, and executive directors. The salary schedule for principals and assistant principals is based upon degree type, steps and number of months worked each year. The annual salary ranges from \$66,650 to \$115,481 plus the longevity payment of \$1,330. The salary schedule for executive directors is based upon steps. The monthly salary for this group of employees ranges from \$1,492 to \$2,028.
  - **certificated employees** – This salary schedule is based upon degree type and years of experience. The annual salary ranges from \$32,810 to \$69,570;
  - **support staff** – This salary schedule is a matrix that contains 16 grades and 25 steps. The minimum hourly wage is \$10.26 per hour and the maximum is \$68.76 per hour;
  - **substitute employees** – This simplified schedule contains 4 levels and pay is based on the individual’s education level. The minimum hourly wage is \$9.76 per hour and the maximum is \$11.16 per hour.
- **Kronos Time-Keeping System** – The department is beginning the process of using this web-based time and attendance system to help ensure accurate recording of time worked. The Human Capital Services Department payroll function has been working with Metropolitan Nashville Government to install and implement the Kronos time-keeping system. Once fully implemented, all employees will be required to use electronic cards to record their time and attendance. This information automatically updates payroll records to increase efficiencies and accuracy.

## DETAILED OBSERVATIONS

### HUMAN CAPITAL OPERATIONS

#### OBSERVATION 4-A

**The School System's Human Capital Services Department is not optimally structured and functioning to support the system's human capital needs.**

At the time of this review, the School System's Human Capital Services Department was implementing various initiatives to become more responsive to its customer's needs. However, there does not appear to be one overarching project plan to guide the process and monitor status. Additionally, School System administrators and principals do not have an understanding of changes being made within human capital operations. The department also reorganized some staff positions and was planning to reorganize additional positions while this review was in progress. While the intent has been to improve operations, these actions have had the opposite effect on Human Capital Services Department staff morale and some delays in processing human capital transactions;

Examples of human capital operations are not optimally structured and functioning includes the following:

- review of the Human Capital Services Department's organization chart, which consists of 53 staff positions plus the chief officer and Vanderbilt University funded interns, gives the impression that the department might be overstaffed. However, given the workload associated with the high teacher turnover noted in an observation 4-B, the department is not overstaffed, it is not optimally organized. The chief officer recognizes that the department needs to be better organized and continues to take measures to place people in appropriate functions;
- staff reporting relationships are not aligned with the function they report to although the department recently reorganized. For example, the organization chart shows that two staff administrative members report to the workplace safety director. However, the individuals are responsible for document scanning and records maintenance and do not have involvement in work place safety activities;
- the workplace safety function is understaffed. The director of Workplace Safety is responsible for submitting worker's compensation claims to the third-party administrator, monitoring employee return to work status, providing workplace safety training, and performing district facility safety inspections. Because all these functions are assigned to one person, full safety inspections of School System facilities are not conducted regularly, workplace safety training is limited, and there is a backlog of return to work status reviews'
- human capital's staffing liaisons are assigned to School System employees based on the employee's last name instead of having responsibility for entire schools, departments, or types of employees. While this type of arrangement is good for cross-training purposes, it does not promote efficient customer service. School and department administrators and their assistants do not have one point of contact for all of their employees. Instead, they must determine which

human capital employee is responsible for the employee that needs to be served and then make the contact; and

- the Human Capital Services Department's offices and staff are not suitably located to provide effective and efficient communications and operations. Staff within the department are located in offices that are on two different floors in the main administrative building due to the building's space and layout constraints. The Benefits Department was located in a separate building at the time of our site visit; however, there was a plan to move this department into the main building. This separation of offices results in a geographically fragmented department, which requires additional effort to ensure effective communication as employees visit multiple offices for service.

#### **RECOMMENDATION 4-A.1**

##### **Develop a comprehensive project plan to capture, monitor, and in all report Human Capital Services Department initiatives.**

The chief officer of Human Capital should work with staff to develop one comprehensive project plan that captures all individual initiatives that are in-progress and planned for the Human Capital Services Department. This plan should include regular monitoring and reporting of activities and assigned responsibilities and timelines. Furthermore, the project plan should be shared with human capital staff and communicated to School System administrators so they have a better understanding of changes being made.

##### **FISCAL IMPACT**

This recommendation can be implemented with existing resources.

#### **RECOMMENDATION 4-A.2**

##### **Align employee activities within the department to report to the appropriate function leader.**

The chief officer of Human Capital should ensure that all employees are performing tasks outlined in their job description and that they are reporting to the manager responsible for the respective functions being performed.

##### **FISCAL IMPACT**

This recommendation can be implemented with existing resources.

#### **RECOMMENDATION 4-A.3**

##### **Assign additional staff to perform workplace safety functions.**

The chief officer of Human Capital should assign at least two additional staff members to perform workplace safety tasks such as conducting regular safety inspections at schools and system facilities and assisting in the monitoring of worker's compensation claims and the timely filing of associated records.

**FISCAL IMPACT**

This recommendation can be implemented with existing resources.

**RECOMMENDATION 4-A.4****Consider assigning employee service center staff workloads based on schools and departments.**

The chief officer of Human Capital should reassess the change in workload distribution of employee service center staff from employee last name to schools and departments. Assigning workloads based on schools and departments will provide less human capital points of contact required for administrators, principals, department heads, and administrative assistants to address their needs.

**FISCAL IMPACT**

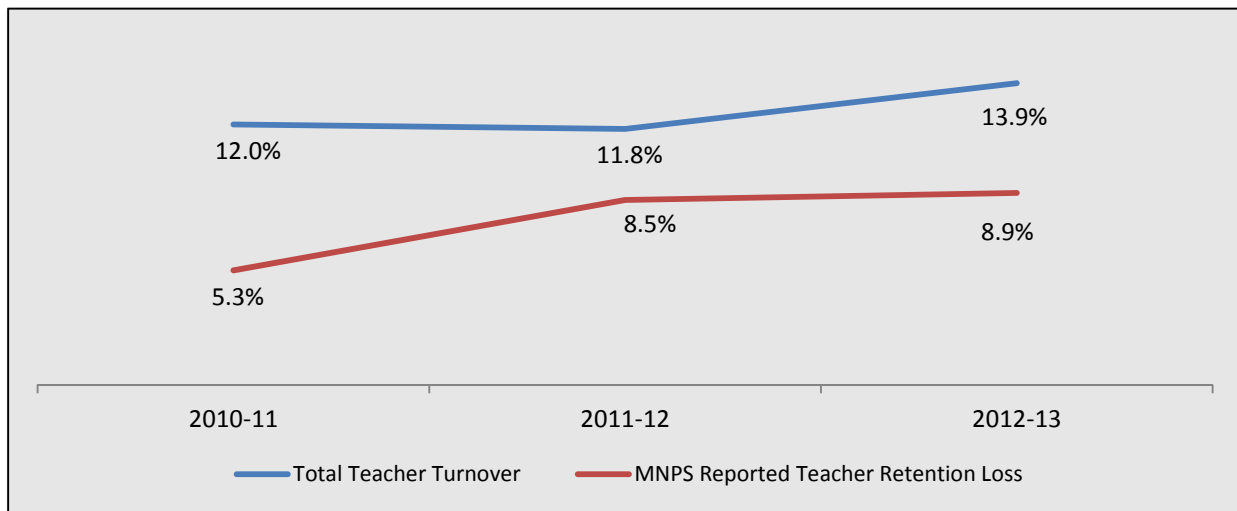
This recommendation can be implemented with existing resources.

**TEACHER TURNOVER****OBSERVATION 4-B****While teacher stability is a key component of providing students with a quality education, the School System has experienced high teacher turnover rates over the past three school years.**

The School System's Human Capital Services Department monitors teacher retention; however, it includes resignations in its formula rather than all teacher separations. Actual teacher turnover has increased from 12 percent in 2010-2011 to 13.9 percent in 2012-2013 compared to the 5.3 percent teacher retention loss rate reported in 2010-2011 and 8.9 percent reported for 2012-2013.

**Exhibit 4-12** provides a comparison of the Human Capital Service Department's calculated teacher retention loss to the review teams calculations of teacher turnover based on all teacher separations.

**Exhibit 4-12  
Teacher Turnover Rates - 2010-2011 thru 2012-2013**



Source: *The Metropolitan Nashville Public Schools Teacher Turnover Rate File, January 2014.*

High teacher turnover increases staff workloads as documents must be processed for teachers who leave and the hiring process begins. Newly hired teachers must receive orientation and enroll in the proper benefits plans.

**Exhibit 4-13** presents a summary of teacher hires and separations for 2010-2011 through 2012-2013. During this three year period, the School System hired 677 teachers while 2,094 teachers left the system for various reasons.

**Exhibit 4-13  
The School System's Teacher Employment Activity  
2010-2011 Thru 2012-2013**

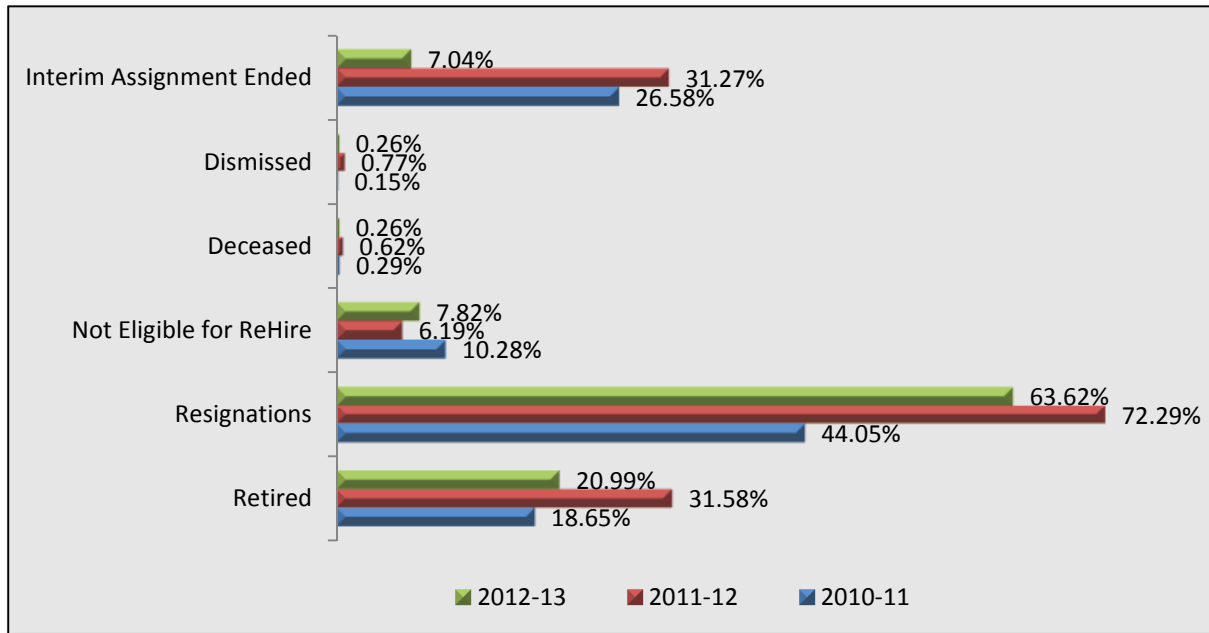
School Year	Total Separations	New Hires	Total Classroom Teachers	Percent New Teachers
2010-2011	681	181	5,671	3%
2011-2012	646	231	5,475	4%
2012-2013	767	265	5,510	5%
<b>Total</b>	<b>2,094</b>	<b>677</b>		

Source: *The Metropolitan Nashville Public Schools Teacher Turnover Rate File, January 2014.*

Effective human capital departments analyze reasons for employee separations so that appropriate corrective action can be taken. **Exhibit 4-14** summarizes teacher separation reasons from 2010-2011 through 2012-2013. Sixty-four percent of 2012-2013 teacher separations were due to resignations while an additional 21 percent were due to retirements. The high number of resignations and retirements could be attributed to changes that the School System was implementing to address poor student academic performance and the anticipated required implementation of pay for performance being

incorporated into the state of Tennessee’s new teacher evaluation system. There are many questions and a lack of trust for this new system.

**Exhibit 4-14**  
**The School System’s Teacher Separation Reasons**

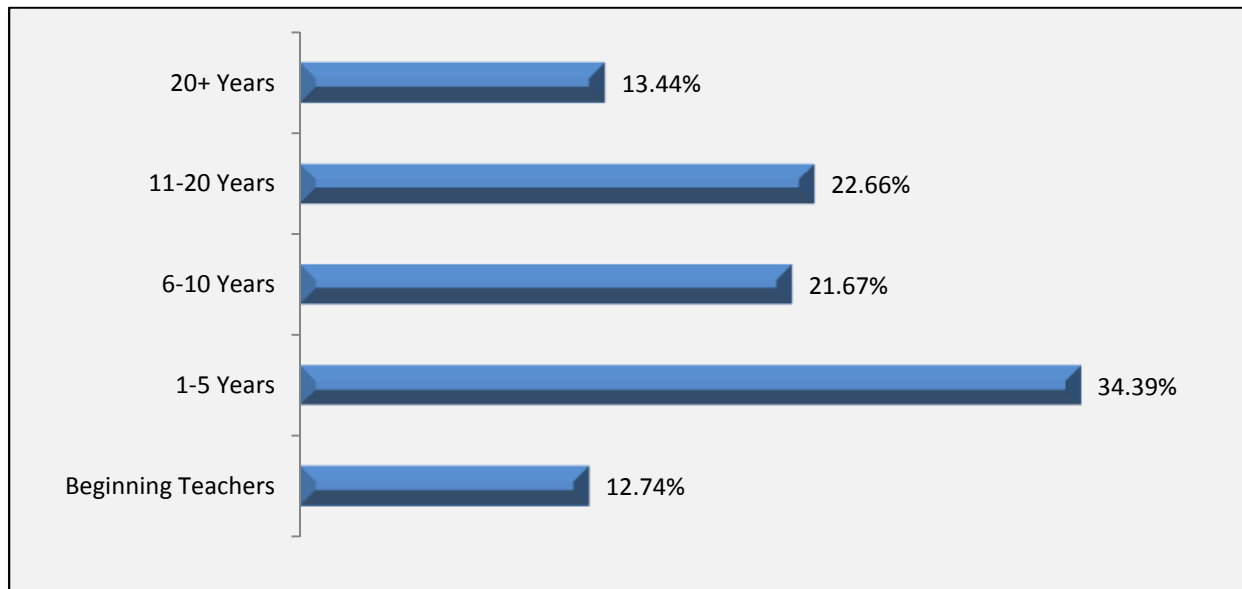


Source: *The Metropolitan Nashville Public Schools Teacher Turnover Rate File, January 2014.*

The consequence of high teacher turnover is that the School System now has a high percentage of teachers with minimal teaching experience. While the benefit of newer teachers is lower salaries, fresh ideas, and new teaching concepts in the classroom, these benefits are sometimes outweighed by the additional resources required to mentor, train, and support new teachers in their effort to manage a safe classroom and educate children successfully. **Exhibit 4-15** shows that 47 percent of the School System’s teachers had five or less years of teaching experience.



**Exhibit 4-15**  
**Teacher Years of Experience, 2013-2014**



Source: The Metropolitan Nashville Public Schools Teacher Years of Experience File, January 2014.

#### **RECOMMENDATION 4-B.1**

##### **Include all reasons for teacher separation in the teacher retention calculation.**

The chief officer of Human Capital should instruct appropriate staff to include all teacher separation reasons in the teacher retention calculation to obtain an accurate determination of teacher turnover.

#### **FISCAL IMPACT**

This recommendation can be implemented with current resources.

#### **RECOMMENDATION 4-B.2**

##### **Develop a plan to stabilize teacher retention.**

The chief officer of Human Capital should work with the director of schools and chief academic officer to determine what the target teacher retention rates should be and what action should be taken when retention falls below targeted rates. The plan should also include monitoring and reporting activities and it should assign responsibilities for all activities.

#### **FISCAL IMPACT**

This recommendation can be implemented with current resources.

## **EMPLOYEE BENEFIT PLANS**

### **OBSERVATION 4-C**

**The division of employee benefit plans between Metropolitan Nashville Government for non-certificated (support) staff and the School System for certificated (teaching) staff causes higher cost to the School System and creates an atmosphere of inequity among employees.**

Furthermore, Metropolitan Nashville Public Schools does not have representation or voting privileges on the Metropolitan Employee Benefit Board although their active employee participation represents approximately 28 percent of the population and the decision made have a significant impact on their budget and staff.

There are significant differences between the two plans in terms of costs incurred by the School System. Employees also perceive the School System's benefits to be significantly better than those provided by the Metropolitan Nashville Government. Employee benefits include healthcare and retirement.

The School System is a component of Metropolitan Nashville Government. As such, the School System receives some human capital-related support services such as payroll processing, legal support, and employee benefits. The Metropolitan Employee Benefit Board manages the retirement benefit plans for all Metropolitan and School System employees except those that are in the teacher's pension system. These benefits are managed by the School System's Insurance Trust. **Exhibit 4-16** summarizes employee benefit plan responsibilities.

**Exhibit 4-16  
School System Employee Retirement and Healthcare Benefit Plan Responsibilities**

<b>Employee Classification</b>	<b>Employees Included in Classification</b>	<b>Applicable Employee Retirement Benefit Plan</b>	<b>Employee Benefit Plan Management Oversight</b>
Certificated	<ul style="list-style-type: none"> <li>• Teachers</li> <li>• Principals</li> <li>• Assistant Principals</li> <li>• Counselors</li> <li>• Coaches</li> </ul>	<ul style="list-style-type: none"> <li>• Tennessee Consolidated Retirement System</li> <li>• Metropolitan Nashville Public Schools Teacher Pension</li> </ul>	<ul style="list-style-type: none"> <li>• Tennessee Department of Treasury through the Tennessee Consolidated Retirement System Board of Trustees</li> <li>• Metropolitan Nashville Public Schools Professional Employees Insurance Trust</li> </ul>
Non-Certificated	<ul style="list-style-type: none"> <li>• Administrators</li> <li>• Administrative Assistants</li> <li>• Bus Drivers</li> <li>• Custodians</li> <li>• Food Service Workers</li> <li>• Finance Staff</li> <li>• Groundskeepers</li> <li>• Human Capital Staff</li> <li>• Maintenance Workers</li> <li>• Purchasing Staff</li> </ul>	<ul style="list-style-type: none"> <li>• Metropolitan Government of Nashville and Davidson County</li> </ul>	<ul style="list-style-type: none"> <li>• Metropolitan Employee Benefit Board</li> </ul>

Source: *The Metropolitan Nashville Public Schools Teacher Turnover Rate File, January 2014.*

In a defined benefit plan, future retirement benefits are determined by a benefit formula rather than an account balance. Conversely, defined contribution plan benefits are based on amounts credited to an individual employee's accounts by the employee, their employer, and investment earnings on the accumulated funds. Vested contributions to the account are guaranteed but not earnings, which fluctuate on the basis of investment performance.

The Tennessee Consolidated Retirement System is a defined benefit pension plan that covers state employees, higher education employees, K-12 public school teachers, and employees of political subdivisions who have elected to participate in the plan. The State of Tennessee Public Chapter NO. 259 Senate Bill NO. 1005 section (8) defines a state employee as any person who is employed in the service of and whose compensation is paid by the state or in whole or in part from federal or other funds.

Tennessee legislation created a new hybrid pension plan for state employees and K-12 teachers hired on or after July 1, 2014. Local governments also have the option to adopt the new hybrid pension plan with cost controls. Highlights of the hybrid plan include:

- defined benefit plan plus defined contribution plan;
- controls to limit employer cost and unfunded liability;
- applies to all new hire state, K-12 teacher, and higher education employees subject to FLSA hired on or after July 1, 2014;
- defined benefit component plan provides 1.0 percent annual service accrual multiplier;
- employer contributes 4 percent of payroll to defined benefit component; 5 percent of payroll to defined contribution component for aggregate employer contribution of 9 percent; and
- employee contributes 5 percent of payroll to defined benefit component; auto enrolled for 2 percent of payroll contribution to defined contribution component, but may opt out of defined contribution for the employee contribution.

The Schools System's director of employee benefits performed a cost benefit analysis in June 2013 and prepared a proposal for the chief financial officer to consider. This proposal was shared with the director of finance for Metropolitan Nashville Government; however, it had not been acted upon at the time of this review although cost savings had been identified. The School System pays a total of 9 percent of an eligible employee's annual salary towards retirement benefits if the employee is considered certificated while non-certificated employees on the Metropolitan Nashville Government's retirement system receive a 17.11 percent contribution, a difference of more than 8 percent. **Exhibit 4-17** compares the percentage paid by the School System towards eligible employee retirement benefits.

**Exhibit 4-17  
Comparison of Employee Benefit Contributions  
2013-2014**

	Defined Benefit	Defined Contribution
Metropolitan Nashville Public Schools Contributes for Teacher	4% target	5%
Teacher Contributes	5%	2% (may opt out or alter)
Metropolitan Nashville Public Schools Contributes for Support	17.11%	N/A
Support Employee Contributes	0%	N/A

Source: *The Metropolitan Nashville Public Schools Director of Employee Benefits, March, 2014.*

Applying the different retirement benefit rates to an employee with an average annual salary of \$17,500 would result in a six-year cost of \$16,475 for a non-certificated employee and \$9,450 for a certificated employee; a savings of \$7,025. **Exhibit 4-18** shows the cost comparison calculations performed for the June 2013 proposal.

Metro Nashville General Government Retirement Plan costs are 17.117 percent of pay after completion of 6 months of service. The Tennessee Consolidated Retirement System costs are 9.00 percent of pay upon date of hire. Turnover is not considered but would have the same effect on both the Metro Nashville General Government Retirement Plan and Tennessee Consolidated Retirement System costs. If average employment stay is 6 years with annual pay of \$17,500, the average plan costs are illustrated in **Exhibit 4-18**.

**Exhibit 4-18  
Comparison of Employee Benefit Costs  
Metro Nashville General Government Retirement Plan  
versus Tennessee Consolidated Retirement System-2011-2012**

	Metro Nashville General Government Retirement Plan	Tennessee Consolidated Retirement System
Contribution Rate	17.117%	9.000%
Average Pay	\$17,500	\$17,500
Years to Contribute	5.5	6.0
<b>Total Expected Contributions</b>	<b>\$16,475</b>	<b>\$9,450</b>

Source: *The Metropolitan Nashville Public Schools Director of Employee Benefits, March, 2014.*

Employee healthcare plans are more diverse and result in different premiums since they are based on the options, the number of participants, employee demographics, and claims history. The School System pays \$11,700 for annual healthcare benefits per eligible non-certificated employee through the

Metropolitan Nashville Government and \$8,000 per certificated employee through the School System’s healthcare plan. **Exhibit 4-19** compares the healthcare benefit costs for eligible certificated and non-certificated employees.

**Exhibit 4-19  
Comparison of Healthcare Benefits Rates, 2013-2014**

Benefit	Non-Certificated Employees (Support Staff)		Certificated Employees (Teaching Staff)	
	Special Fund Rates*	Notes/Comments	Special Fund Rates*	Notes/Comments
Group Health	\$11,000	Rate depends on plan (provider and coverage). Rates change January 1st.	\$8,000	Rate depends on plan (provider and coverage). Rates change July 1st.
Dental	\$500	Rate depends on plan (provider and coverage). Rates change January 1st.	Included with Group Health Rates	
Life	\$200	Rate depends on plan (provider and coverage). Rates change January 1st.	Included with Group Health Rates	
<b>Total</b>	<b>\$11,700</b>		<b>\$8,000</b>	

*Source: The Metropolitan Nashville Public Schools employee benefit rate used for budgeting file provide via SharePoint (HC32) January 2014.*

Because healthcare insurance rates are dependent upon the number of participants, their demographics, and claims incurred, any savings realized by the School System may actually increase costs to Metropolitan Nashville Government. Moreover, additional staffing may be required to administer all employee benefit plans that are currently being handled by Metropolitan Nashville Government.

#### **RECOMMENDATION 4-C.1**

**Establish a task force to determine projected cost savings, benefits, and implications of all School System employees being covered under the School System’s employee benefit plan for health and retirement benefits.**

The task force should be comprised of the human capital directors, the benefits directors, and the chief financial officers of the School System and Metropolitan Nashville Government. Analysis should also include any staffing implications associated with managing the various benefit plans. If it is determined that the employee healthcare and retirement benefit plans for non-certificated employees will remain with Metropolitan Nashville Government, efforts should be made to make the healthcare and retirement benefit plans as equitable as possible between all employees. The chief officer of Human Capital should ensure that appropriate communications are provided to all employees to explain the differences between the two plans and the reasoning behind the differences.

## FISCAL IMPACT

This recommendation can be implemented with current resources. However, benefits are controlled at the state and metropolitan general council therefore any changes would need their approval. The ultimate goal is to remove employee perception of inequality and save costs.

## COMPENSATION

### OBSERVATION 4-D

**Although the School System's salaries are competitive compared to surrounding school systems, the compensation studies performed by the School System's Human Capital Services Department do not include surrounding communities.**

The Human Capital Services Department's compensation specialist conducts informal salary studies each year to determine market competitiveness for certain School System positions. However, these studies include larger urban school systems across the country and do not include surrounding school systems and larger school systems in Tennessee.

Formal compensation studies that identify all components of the employee compensation structure, including salaries and benefits, and compares position job duties in addition to titles serve as the foundation to effectively monitor employee compensation and ensure market competitiveness to attract and retain employees.

The Tennessee Education Association collects, compiles and reports salary information for educational staff. As discussed in this chapter's introduction, the School System's salaries for educational staff are among the highest in the state and the neighboring communities. The Tennessee Education Association does not report on support staff salaries. Therefore, the review team conducted an informal salary survey of support staff to determine the competitiveness of the School System's salaries to larger school systems in Tennessee and the surrounding communities.

Responses received were not consistent as some school systems provided hourly wages, some school systems provided average annual salaries with no number of days worked, and other school systems did not provide all of the requested information. In order to analyze salaries between the school systems clearer data must be obtained. However, for the purpose of gaining an understanding of how the School System compares to other school systems, the information that we were able to obtain allows for a high-level, rough assessment.

Based on comparing the data provided and obtained through school system web sites, the School System's salaries are competitive with the exception of bus drivers (See **Exhibit 4-22**). Compensation is considered comparative to market if the respective salary is within 10 percentage points of the competitor's. As **Exhibit 4-20** demonstrates, School System support staff salaries are more than 100 percent of the peer average for all support staff director positions. The School System's support staff director salaries are therefore competitive based on the data provided.

**Exhibit 4-20  
Support Staff Director Salaries Comparisons**

School System	Central Office Administration	Technology	Security/Police	Food Service	Transportation	Maintenance
Wilson County**	\$ 0	\$ 64,944	\$ 59,492	\$ 61,487	\$ 53,347	\$ 54,947
Sumner County*	\$ 85,000	\$ 70,000	\$ 0	\$ 0	\$ 70,000	\$ 70,000
Shelby County	\$ 117,092	\$ 103,624	\$ 120,504	\$ 114,000	\$ 108,848	\$ 107,768
Knox County	\$ 78,521	\$ 78,521	\$ 78,521	\$ 78,521	\$ 78,491	\$ 78,521

**Exhibit 4-20  
Support Staff Director Salaries Comparisons (Cont'd)**

School System	Central Office Administration	Technology	Security/Police	Food Service	Transportation	Maintenance
Williamson County	\$ 0	\$ 98,000	\$ 60,600	\$ 82,500	\$ 82,500	\$ 85,000
<b>Metropolitan Nashville Public Schools</b>	<b>\$ 104,452</b>	<b>\$ 109,524</b>	<b>\$ 107,269</b>	<b>\$ 108,739</b>	<b>\$ 122,745</b>	<b>\$ 115,867</b>
<b>Peer Average excluding Metropolitan Nashville Public Schools</b>	<b>\$ 93,538</b>	<b>\$ 83,018</b>	<b>\$ 79,779</b>	<b>\$ 84,127</b>	<b>\$ 78,637</b>	<b>\$ 79,247</b>
<b>Metropolitan Nashville Public Schools Percentage of Average</b>	<b>112%</b>	<b>132%</b>	<b>134%</b>	<b>129%</b>	<b>156%</b>	<b>146%</b>

Source: Informal Salary Survey Responses July 2014 and Published Salary Schedules

\* Sumner County reported their low salaries for maintenance manager and teacher aide positions where others reported average salaries

\*\* Calculated based on the published salary schedules

**Exhibit 4-21** provides a comparison of support staff manager salaries. From reviewing the survey responses, it seems that Shelby County salaries are consistently higher than other counties, including the School System. With the exception of Shelby County, the School System's staff manager salaries are competitive to others in Tennessee.

**Exhibit 4-21  
Support Staff Manager Salaries Comparisons**

School System	Central Office Administration	Professional Support	Technology	Security/Police	Food Service	Transportation	Maintenance
Wilson County**	\$ 32.97	\$ 0.00	\$ 34.87	\$ 22.24	\$ 14.19	\$ 22.24	\$ 17.44
Sumner County*	\$ 24.04	\$ 0.00	\$ 21.63	\$ 0.00	\$ 12.25	\$ 12.95	\$ 14.80
Shelby County	\$ 43.81	\$ 44.45	\$ 39.81	\$ 44.49	\$ 44.19	\$ 43.41	\$ 40.05
Knox County	\$ 30.88	\$ 30.88	\$ 30.88	\$ 30.88	\$ 11.71	\$ 30.88	\$ 16.69
Williamson County	\$ 21.05	\$ 20.91	\$ 30.96	\$ 0.00	\$ 16.23	\$ 28.45	\$ 13.15
<b>Metropolitan Nashville Public Schools</b>	<b>\$ 36.41</b>	<b>\$ 30.87</b>	<b>\$ 37.74</b>	<b>34.83</b>	<b>\$ 24.18</b>	<b>\$ 34.49</b>	<b>\$ 26.33</b>



**Exhibit 4-21  
Support Staff Manager Salaries Comparisons (Cont'd)**

School System	Central Office Administration	Professional Support	Technology	Security/Police	Food Service	Transportation Bus Drivers	Maintenance
<b>Peer Average excluding Metropolitan Nashville Public Schools</b>	\$ 30.55	\$ 32.08	\$ 31.63	\$ 32.54	\$ 19.71	\$ 27.59	\$ 20.43
<b>Metropolitan Nashville Public Schools Percentage of Average</b>	119%	96%	119%	143%	123%	125%	129%

Source: Informal Salary Survey Responses July 2014 and Published Salary Schedules

\* Sumner County reported their low salaries for maintenance manager and teacher aide positions where others reported average salaries

\*\* Calculated based on the published salary schedules

**Exhibit 4-22** provides a comparison of support staff salaries. From reviewing the survey responses it seems that out of eight categories, Shelby County support staff salaries are higher in four. Of the remaining four categories, Knox County support staff salaries are higher in two and the School System's support staff salaries are higher in two. When comparing the overall peer average, excluding Metropolitan Nashville Public Schools, the School System is less competitive in two categories: Professional Support and Transportation (bus drivers).

**Exhibit 4-22  
Support Staff Salaries Comparisons**

School System	Central Office Administration	Professional Support	Technology	Teacher Aids/Paraprofessional	Security/Police	Food Service	Transportation	Maintenance
Wilson County**	\$ 16.44	\$ 15.20	\$ 22.23	\$ 11.67	\$ 0.	\$ 11.17	\$ 16.46	\$ 15.36
Sumner County*	\$ 0.00	\$ 0.00	\$ 14.42	\$ 7.30	\$ 0.	\$ 7.45	\$ 12.18	\$ 14.42
Shelby County	\$ 23.61	\$ 31.62	\$ 25.17	\$ 13.81	\$ 14.	\$ 16.75	\$ 13.96	\$ 20.80
Knox County	\$ 13.10	\$ 13.10	\$ 19.33	\$ 14.40	\$ 15.	\$ 11.32	\$ 19.33	\$ 11.91
Williamson County	\$ 12.82	\$ 17.34	\$ 21.23	\$ 10.23	\$ 0.	\$ 11.16	\$ 17.19	\$ 11.99
<b>Metropolitan Nashville Public Schools</b>	\$ 22.72	\$ 15.01	\$ 32.98	\$ 13.49	\$ 19.	\$ 12.04	\$ 12.58	\$ 16.28
Peer Average excluding Metropolitan Nashville Public Schools	\$ 16.49	\$ 19.32	\$ 20.48	\$ 11.48	\$ 15.	\$ 11.57	\$ 15.82	\$ 14.90
<b>Metropolitan Nashville Public Schools Percentage of Average</b>	138%	78%	161%	118%	130%	104%	80%	109%

Source: Informal Salary Survey Responses July 2014 and Published Salary Schedules

\* Sumner County reported their low salaries for maintenance manager and teacher aide positions where others reported average salaries

\*\* Calculated based on the published salary schedules

**RECOMMENDATION 4-D.1****Conduct formal compensation studies on a regular basis to ensure market competitiveness.**

The compensation specialist should conduct a formal compensation study at least once every five years to ensure that the School System's total employee compensation by position is competitive to the markets. The compensation study should incorporate information from large school systems in Tennessee and surrounding communities as these are the markets that are competing for the same individuals as the School System. The compensation study should include job duties, titles and benefits. Annual compensation should then be based on results of the compensation study analysis.

**FISCAL IMPACT**

This recommendation can be implemented with existing resources.

**PERSONNEL FILES****OBSERVATION 4-E****Contents of personnel folders are not standardized, and personnel file contents are not consistent.**

At the time of our site visit, the School System was in the process of implementing an electronic filing system whereby each personnel folder had to be hand touched in order to scan the contents. This would have been an excellent time to standardize the contents of all personnel folders.

We reviewed selected personnel files in the Human Capital Services Department noting that the contents were not consistent. Some folders contained miscellaneous items such as copies of emails, handwritten notes from formal observations, and miscellaneous memos. Other folders did not contain essential personnel information such as the following:

- driver's License;
- copy of Social Security Card;
- i-9 Form (hired after 1986);
- transcript; and
- record of Criminal History Check Being Performed (hired after 2001).

Metropolitan Nashville Public Schools Human Capital is in the process of checking the Department of Children Services, Metropolitan Nashville Courts, and Abuse Registry for all employees hired prior to May 1, 2014.

The lack of established standardized personnel file contents and adherence to standards makes it difficult to maintain accurate and consistent records to document compliance with federal, state, and local laws, and regulations. Maintaining accurate records can also reduce exposure to litigation, protect employees, improve processing efficiency, and serve the needs of the School System.

**RECOMMENDATION 4-E.1****Develop and implement a checklist to standardize the contents of personnel folders.**

The chief officer of Human Capital and the executive director of Human Capital Services operations should develop a checklist to be used to ensure that every personnel file contains the required documentation for all positions and then specific documents that may be required for their position type. For example, teachers need to have a valid teacher's certificate in addition to social security cards, driver's license, transcripts, and so on. Additionally, procedures should be developed to include generating a monthly report that lists new hires. This report should be given to the designated human capital manager along with the associated personnel files for review before filing. Notices should be sent to any employee whose file is incomplete.

**FISCAL IMPACT**

This recommendation can be implemented with current resources.

**RECOMMENDATION 4-E.2****Require Human Capital staff to use the checklist.**

The executive director of Human Capital operations should require all human capital staff to use the established personnel file checklist when compiling and updating employee files.

**FISCAL IMPACT**

This recommendation can be implemented with current resources.

**RECOMMENDATION 4-E.3****Purge electronic folders to remove extraneous documents.**

The executive director of the Human Capital Services Department should initiate a project to review all electronic files, compare contents to the established checklist and purge documents that are determined as not needed.

**FISCAL IMPACT**

This recommendation can be implemented with current resources.

**RECOMMENDATION 4-E.4****Determine which required documents are missing from active employee files then obtain the documents and add to the electronic folders.**

The executive director of the Human Capital Services Department should initiate a project to review all electronic files, compare contents to the established checklist and obtain required documents that are

determined to be missing. These documents should then be scanned and attached to the respective electronic personnel file.

**FISCAL IMPACT**

This recommendation can be implemented with current resources.

## ALTERNATIVE SOURCING AND LEVERAGING OPPORTUNITIES

### **LEVERAGING METROPOLITAN NASHVILLE GOVERNMENT**

The School System's the Human Capital Services Department leverages Metropolitan Nashville Government resources for payroll processing. The School System's the Human Capital Services Department has staff dedicated to reviewing timekeeping entered at each school and assisting in resolving employee payroll issues. Metropolitan Nashville Government generates the payroll and issues employee paychecks through direct deposit or paper checks.

Some school systems have recently started outsourcing teacher substitutes to a national temporary staffing agency. Research of reasons for pursuing this option include the School System's inability to source qualified individuals and the level of effort required to track teacher absences and process substitute teacher payroll. The School System's Human Capital Services Department does not face these challenges as they have an automated teacher substitute system that reduces the need for dedicated substitute teacher staffing activities, tracks teacher absences and generates reports. They also have a sound substitute training program and have a teacher absence fill rate of 92 percent in the 2012-2013 school year. Because of the School Systems' Human Capital success in their substitute teacher program we do not recommend outsourcing this function at this time.

**FISCAL IMPACT SUMMARY**

RECOMMENDATION		2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE TIME (COSTS) OR SAVINGS
<b>CHAPTER 4: HUMAN CAPITAL</b>								
<b>4-A.1</b>	Develop a comprehensive project plan to capture, monitor, and report in all Human Capital Services Department initiatives.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>4-A.2</b>	Align employee activities within the department to report to the appropriate function leader.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>4-A.3</b>	Assign additional staff to performing workplace safety functions.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>4-A.4</b>	Consider assigning employee service center staff workloads based on schools and departments.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>4-B.1</b>	Include all reasons for teacher separation in the teacher retention calculation.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>4-B.2</b>	Develop a plan to stabilize teacher retention.	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**FISCAL IMPACT SUMMARY (Cont'd)**

RECOMMENDATION		2015-2016	2016-2017	2017-2018	2018-2019	2019-2020	TOTAL 5-YEAR (COSTS) OR SAVINGS	ONE TIME (COSTS) OR SAVINGS
<b>CHAPTER 4: HUMAN CAPITAL</b>								
4-C.1	Establish a task force to determine projected cost savings, benefits, and implications of all School System employees being covered under the School System's employee benefit plan for health and retirement benefits.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4-D.1	Conduct formal compensation studies on a regular basis to ensure market competitiveness	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4-E.1	Develop and implement a checklist to standardize the contents of personnel folders.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4-E.2	Require Human Capital staff to use the checklist.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4-E.3	Purge electronic folders to remove extraneous documents.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4-E.4	Determine which required documents are missing from active employee files then obtain the documents and add to the electronic folders.	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTALS-CHAPTER 4</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## Management Response

HUMAN CAPITAL

	Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
Management of Metropolitan Nashville Public Schools should:			
4-A.1.	Develop a comprehensive project plan to capture, monitor, and report in all Human Capital Services Department initiatives.	<b>Accept</b> The MNPS Human Capital Department will utilize a project manager to plan the comprehensive initiatives within the division.	April 2015
4-A.2	Align employee activities within the department to report to the appropriate function leader.	<b>Partially Accept</b> Human Capital has realigned the employee service center personnel to HC Tier Partners.	December 2014
4-A.3	Assign additional staff to performing workplace safety functions.	<b>Partially Accept</b> Human Capital is considering the realignment of staff assignments to support the workplace safety functions.	December 2014
4-A.4	Consider assigning employee service center staff workloads based on schools and departments.	<b>Accept</b> Human Capital has realigned the employee service center personnel to HC Tier Partners.	December 2014
4-B.1	Include all reasons for teacher separation in the teacher retention calculation.	<b>Accept</b> Human Capital is in the process of developing a strategic retention plan for teachers and support staff. The plan will include an assessment of threats to retention of high quality staff, action steps to address those threats, and metrics to measure progress.	February 2015
4-B.2	Develop a plan to stabilize teacher retention.	<b>Accept</b> Human Capital is engaging principals to begin developing a comprehensive, multi-year retention plan for the district's high performing teachers. The plan will be developed throughout the spring, 2015, and will be implemented in summer 2015-16.	September 2015
4-C.1	Establish a task force to determine projected cost savings, benefits, and implications of all School System employees being covered under the School System's employee benefit plan for health and retirement benefits.	<b>Partially Accept</b> MNPS understands this recommendation would have to be led by Metro Government.	TBD
4-D.1	Conduct formal compensation studies on a regular basis to	<b>Accept</b>	July 2015



## Management Response

HUMAN CAPITAL

	Recommendation	Concurrence and Corrective Action Plan	Proposed Completion Date
	ensure market competitiveness.	The job description for the compensation position in Human Capital requires regular studies of market competitiveness.	
4-E.1	Develop and implement a checklist to standardize the contents of personnel folders.	<b>Accept</b> Human Capital has implemented a checklist to standardize personnel folders.	October 2014
4-E.2	Require Human Capital staff to use the checklist.	<b>Accept</b> Human Capital has implemented a process to ensure all Human Capital staff connected with new hire files follow the checklist protocol established within 4-E.1.	October 2014
4-E.3	Purge electronic folders to remove extraneous documents.	<b>Partially Accept</b> Human Capital does not have current resources necessary to review and redact 14,000 employee files of possible extraneous documents. The department did review and redact files prior to the files being digitally scanned and has implemented a process that ensures any extraneous documents to an employee file are removed at the time a file is requested due to open records requirements or transfer to Metro Legal.	TBD
4-E.4	Determine which required documents are missing from active employee files then obtain the documents and add to the electronic folders.	<b>Partially Accept</b> Human Capital does not have current resources necessary to review and determine which required documents are missing from active employee files, obtain the documents and add to the electronic folders of 14,000 employee files.  The department has implemented a process to ensure all Human Capital staff connected with new hire files follow the checklist protocol established within 4-E.1. Human Capital has implemented a process to obtain required documents that are missing from active employee files and add those documents to the electronic employee file when a file is requested due to open records requirements or transfer to Metro Legal.	TBD