

## MAG STATEMENT RE: JCPS SALARY STUDY

There is an item that I and the Board would like to bring to the community's attention this evening.

JCPS recently learned that information by Management Advisory Group International (MAG) during its salary study of the district was flawed. It grossly overestimated, by tens of millions of dollars, the salaries our district paid compared to benchmark districts and industry salaries for non-teacher positions.

MAG was engaged by the Jefferson County Board of Education to perform a compensation study of the Jefferson County Public Schools District. This Board sought a request for proposal for the salary study in response to the audit of JCPS performed by then Kentucky State Auditor Adam Edelen. The auditor noted in his report that administrator salaries in the district may be disproportionate to salaries in peer districts. MAG responded to the proposal and was granted a contract to assist the Board in ensuring that its employees were and are being paid within an appropriate salary range.

MAG worked on this project for nearly two years and issued its study and results to the Board in May of 2016. In the study, MAG concluded that JCPS was paying some employees over the industry maximum salary range.

As JCPS began working on future compensation structures, it requested data from MAG to confirm its findings and replicate market comparisons. When that data was provided, JCPS discovered an error in MAG's calculations and contacted the company. Instead of a cost of \$52 million annually, the actual cost is closer to \$10 to \$14 million.

I want to assure all involved that MAG takes responsibility for this error. In its letter to JCPS, MAG's attorney says, "On January 25, 2017, the JCPS Chief Financial Officer noticed that the FTE calculation for some of the jobs in her own department were not consistent with what she knew them to be. She asked for MAG to check the FTE, which MAG did immediately. MAG provided a revised Excel report on February 3, 2017, that created a substantial decrease in the difference in the amount of salary over the proposed range maximum; reducing the amount of salary over the range maximum from approximately \$50 million to approximately \$14 million."

To say that this district is outraged is an understatement. This study caused employees to feel unvalued and underappreciated. It also caused significant stress between employees at different levels. A \$40 million mistake by MAG is unacceptable. MAG owes the district, its employees, this board and this community an apology.