Public Sector Compensation: Is The Public School District Superintendent Compensation Worth It?

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PUBLIC SECTOR COMPENSATION: IS THE PUBLIC SCHOOL DISTRICT SUPERINTENDENT COMPENSATION WORTH IT?

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ABSTRACT

Governor Cuomo of New York, as reported in New York Times, said (referring to School District Superintendents) : I understand that they sometimes have to manage budgets, and sometimes the budgets are difficult,” “But why they get paid more than the Governor of the state I really don’t understand.” He further stated “We have $500,000 school Superintendents...We can’t pay those kinds of salaries.”

Partial potential answers to Governor Cuomo’s query are: benchmarking is used to determine compensation, there is lack of transparency and the taxpayers are not even aware of the amount paid out to the superintendent and further there is a lack of accountability for the school district educational performance. The Great Recession of 2007-2009 and discussions of inequality from the Pope to Federal Reserve Chair and new Federal legislation and regulations have highlighted and brought to the fore issues with compensation.

This study addresses three related compensation questions in public sector to wit: (1) Are tax payer funded Public School District Superintendents akin to investor funded company CEOs? (2) Is there a relationship (correlation) of school parameters/outcomes with the compensation of a Public School District superintendent? And; (3) what should be the basis to compensate Public School District Superintendents’?

Benchmarking is a tool that was developed by Xerox in 1980’s to improve performance of warehousing activities- differences between its peers with respect to physical characteristics
Benchmarking looks to its industry to create a comparison with peers' benchmarks—comparison with its peers. Benchmarking, not really designed for awarding compensation, is now used as a basis for school district superintendent compensation. But, consider this: according to Education week—Quality counts 2015: State report cards for all states—(The US average was a grade of C with Nevada receiving a grade D and New York receiving a B’). Because of lack of transparency and performance metrics benchmarking is currently adopted as an expedient methodology to award compensation to public school district school superintendents and CEOs of privately funded-investor funded-public companies. Indeed, Public School District superintendents have classified or argued to classify their titles as akin to CEO’s of privately investor funded companies. As discussed in this study the comparison is fallacious.

The study also addresses important school district parameter such as enrollment, gender, teacher pay, teacher-pupil ratio, graduation rate, English Language Learners (ELL) enrollment, and students with disabilities (Student LD) enrollment. These parameters were selected from the available secondary data to determine whether there is a correlation between superintendent compensation and these parameter. The study found no correlation. If the Public School District Superintendents are not akin to CEOs of a privately funded companies then what should be the basis of the compensation. The denouement of this study is a new innovative Compensation Predictor Model (CPM) rooted in quantitatively analyzed data. CPM methodology can be used to determination compensation awards and even bonuses.
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CHAPTER 1: Introduction

Public sector entities are tax payer funded enterprises. Expenditure of income derived from taxes are expended for the benefit of its citizenry. Public sector compensation is a significant component of the expenditure. Public school district superintendents are highly compensated chief administrators of school districts. The raison d’etre of a public school district superintendent’s is to create a conducive academic environment and to deliver quality academic education funded by taxpayers. The performance of school districts has been marginal (Appendix 1-4). There is no open accountability and their compensation is masked. Taxpayers find out the compensation either as a result of journalistic investigation or as a result of a scandal. (CBS, 2014; Pikel, 2010; McDonald, 2013).

One author states “(…) there is voluminous literature on the determinants of teachers salaries, little is known about the forces influencing the compensation of school administrators” (Ehrenberg et.al, 1988). Taxpayers need to know how their tax dollars are being spent and whether they are getting their monies worth. The recession of 2009-2009 resulted in a reduced tax receipts because of reduced consumer spending (United States Bureau of Labor Statistics Spotlight on Recession (n.d) further emphasizes the scrutiny of school district superintendent’s compensation as it is taxpayer funded. Consumer spending contributes to approximately 67% of economic growth (Toosasi, 2002) and if the consumers do not spend fewer taxes are collected which means there is lesser income from taxes. Taxes fund the public sector operations.

Private sector compensation of CEOs is being increasingly scrutinized either through new Securities and Exchange Commission (SEC) regulations or in widespread discussions of inequality.(Dodd Frank Act, 2010; Bovino, 2014) Public sector compensation, specifically, the
compensation of public school district superintendents as chief administrators of school districts has largely been unaddressed.

The school district superintendent is the protagonist in the K-12 education system for academic performance of schools. The school district superintendents serve a vital role in the education system. Good schools, as measured by academic performance, have additional far reaching consequences (Appendix 2-1). Parents and good teachers are attracted to and want to reside in the districts that have good schools. Good schools in turn attract individuals and industry and provide a concomitant tax base- much needed after the new norm set in by the 2008 recession.

The reverse is also true- adverse consequences of poor schools define and label a district. Both the population and the industry look for opportunities to relocate based upon schools -good or poor schools. School district superintendents through their leadership skills can foster the school system - principals, teachers and students- to achieve and deliver good academic performance. Superintendents should be compensated for delivering good educational outcomes. It is a generally accepted principle that good performance commands good compensation. However, in the case of the school districts superintendents the compensation is not even known let alone the accountability which could be a basis for determination of compensation.

This study examines the public school district superintendent compensation through three research questions to wit (1) Are the tax payer funded Public school District Superintendents akin to investor funded company CEOs? – the question is raised because of public school district superintendent’s self-ascribed or designated title status as a CEO of an investor funded company.
Governor Cuomo of New York, as reported in New York Times, said (referring to School District Superintendents) : I understand that they sometimes have to manage budgets, and sometimes the budgets are difficult,” “But why they get paid more than the Governor of the state I really don’t understand.” He further stated “We have $500,000 school Superintendents...We can’t pay those kinds of salaries.”

"I know that's a sensitive issue," said Stuart Bennett, Georgia Association of Educational Leaders executive director, speaking of superintendents' compensation. "But it's a job with a lot of responsibility and a lot of pressure. Superintendents have a tremendous responsibility on them. They are CEOs" "People always talk about the salaries, but if you look, we're running a $200-million business with 3,000 employees and 120,000 students. It's a big job and a CEO position. It's comparable to any CEO position, added Martinson”. (Shuttleworth, (2010)-Doug Martinson is the outgoing president of the Huntsville (Alabama) school board)..

(2) Is there a relationship (correlation) of school outcomes with the compensation of a Public School superintendent? And; (3) what should be the basis to compensate the public school district superintendents.

This study answers the first question by examining the differences in private and public organizations, the laws which are applicable to investor funded companies but not applicable to public school district, compares the responsibilities of the governors of the state and their compensation vis a vis their accountability and responsibility. The second question statistically examines compensation’s correlation to several common sense determinants( Appendix 2-1) which should be considered in awarding a superintendent’s compensation using SPSS-21
software. The third question takes question 1 and 2 conclusions and develops a unique model to award compensation (Appendix 3-1).

Current methodology of benchmarking is used to compensate school superintendents (Thom & Riley, 2015). It is least resistant and expedient and convenient. This methodology is flawed. Benchmarking does not take into account the performance of a school district, at least from the information that is generally available. According to Education week – Quality counts 2015: State report cards for all states - The US average was a grade of C with Nevada receiving a grade D and New York receiving a B-. There are other issues related to superintendent compensation - lack of transparency. Riley expresses “Lack of transparency in adopting public worker wages and benefits has been truly startling” (Riley, 2012, p.xvii).

Because of lack of accountability, high compensation, marginal academic outcome performance innovative methods, rethinking and restructuring the existing methodologies is required. This study adopts an innovative approach by developing a robust model (Appendix 3-1) that has transparency - tax payers can hold the administrators accountable - and is data driven and presents an equitable and reasonable approach to public school district compensation.
CHAPTER 2: Are Public School Superintendents Akin To CEOs Of Investor Funded Public Companies?

THE EDUCATION SYSTEM

There is general agreement among economists, U.S Federal Reserve, and researchers that education leads to access to economic opportunities, higher standard of living, upward mobility, economic security, better nutrition, health care and less dependence upon government assistance programs. (Berger & Fisher, 2013; Yellen, 2014, Bovino, 2014).

But there is a problem. All the viewpoints of the commentators cited above and others sharing the same view are good and are valid but they do not address the key role of the chief protagonist in the education system- the public school district superintendent who is ultimately responsible for guiding the district, implementing programs that produce the outcomes the public schools are chartered, by the taxpayers of the district, to deliver.

Generally in formative years children attend primary and secondary schools and are under the guardianship of their parent(s). Foundation of citizens’ contributions to society begins with education when one enters kindergarten and progresses through high school. These schools are located in school districts within areas where the children and parents reside. The school district superintendent has important responsibilities and duties. It is he/she who oversees the basic building of educational foundation of citizens by creating an educational conducive environment and delivering through teachers and principals quality education to the student enrollees.

The education business in United States is a leviathan. The United States federal government spends $619 billion dollars on education (National Center for Education Statistics (n.d.) Projections, Appendix 8). For public school system there are 98,454 public schools, 13,515
school districts and about 41 million students are enrolled in K-12 grades. Other facts to wit:
number of teachers about 3.5 million, number of principals about 115,540 (National Center for

The raison d’etre of a public school district superintendent’s is to create a conducive academic
environment and to deliver quality academic education funded by taxpayers to current and
changing demographics.

EDUCATION SYSTEM- PUBLIC SCHOOL DISTRICT SUPERINTENDENT.

To illustrate the significance of the education system and use as a model to suggest reform the
authors have developed an Efficacious, Sustainable Model Cycle (ESMC)- within a crucial
component- education ( Appendix 1). Understanding the model vis-a-vis education system
highlights the importance of education especially in the formative years- primary and secondary
school education. ESMC model can be summarized as follows: good schools produce educated
workforce which are needed by the industry and businesses. Businesses and industry will locate
near an area that is a well of good productive educated workforce. In the process of hiring good
workers industry and businesses create jobs which allow employees to purchase goods and
services and housing. Employees, industry and businesses pay more taxes into the state
exchequer which can in turn provides funds for necessary state services and assistance programs
for its citizenry, the needy and infirm. Receipts of increased funds are in turn allocated to the
school districts headed by school district superintendent. The ESMC cycle continues. To be
sure the ESMC as described above is depicted under ideal conditions. The ESMC is subject to
recessions, tight monetary policies, fluctuations in consumer’s demands and adverse government
policies and regulations and other vagaries. The chief protagonist in the education system is the
public school district superintendent.
With respect to the public school district superintendent consider the following comments:

“The 2015 summative grades are based on three key indices …the nation as a whole earns a C grade, with a score of 74.3 out of 100…” (Education Week, 2015, Appendix 5).

And:

“I understand that they sometimes have to manage budgets, and sometimes the budgets are difficult,” he said. “But why they get paid more than the governor of the state I really don’t understand. “We have $500,000 school superintendents,” he told reporters after his appearance in Purchase. “We can’t pay those kinds of salaries.” (Kaplan, 2011 citing NY governor A.M. Cuomo). Besides Mr. Cuomo New Jersey governor also focused on school administrators’ salary by imposing a salary cap of $175,000. (Kaplan, 2011)

If that is not enough for one to conclude that some type of reform is needed the following excerpt from the National Center of Education Statistics should underscore the need for reform:

“In 2013, young adults (ages 25-34) with a bachelor's degree earned more than twice as much as those without a high school credential ($48,500 vs. $23,900) and 62 percent more than young adult high school completers ($48,500 vs. $30,000”). National Center for Educational Statistics May 2015, Appendix 2).

What is going on? Disparity in incomes of high school graduates, dropouts, overall education grades earned by a State, high salaries of public school district superintendent funded by taxpayers. Surely, something is amiss and reformatory steps are needed; at least in the education system for an ideal ESMC. In this chapter the words change and reform are used interchangeably. Education reform is a very vast subject and to address all aspects of it is
beyond the scope of this chapter. This chapter hones in on a crucial aspect of education reform- the public school district superintendent, more specifically compensation of the district superintendent. Reform is generally instituted through a leader under whose tutelage the organization performs or does not perform. One method of requiring the desired performance is directing a leader’s attention through his/her compensation. Compensation is a great motivator.

It is general belief that a person is amply rewarded for good performance. Good compensation is an important factor in attracting and retaining talent and catalyst for desired performance. What should be the compensation or remedies if there is no or de minimis performance by existing actors. Alternatively we could ask: Are we getting our monies worth? In this chapter we focus on school district superintendent’s compensation because the superintendent has a key role in the education system, as described by the ESMC, and compensation is generally a determinative factor in eliciting good performance or in this case is it?

Analysis of district superintendent compensation is not clear cut and easy because information is not available (Ehrenberg, 1988) or is masked from public scrutiny; even though public school superintendents are paid by tax dollars of the residents residing in the school district. The task is difficult because of lack of transparency, lack of details of their compensation, lack of accountability and yet classifying themselves as akin to CEOs without any requirements to comply with myriads of laws and regulations that CEOs of private companies funded by investors have to comply with. The compensation of school district superintendent is the key area in the education system that urgently needs reform.

What are the issues and how should they be addressed to bring about a reform that aligns with the ESMC? We now turn to address these issues and conclude the chapter by providing
recommendations in the form of reformatory steps that could be undertaken for awarding performance driven compensation.

Our discussions start with the amount of Superintendent’s compensation. Governor Cuomo of New York, as reported (restated here for convenience) in New York Times said (referring to School District Superintendents):

I understand that they sometimes have to manage budgets, and sometimes the budgets are difficult,” “But why they get paid more than the Governor of the state I really don’t understand.”

He further stated “We have $500,000 school Superintendents...We can’t pay those kinds of salaries” (Kaplan, 2011).

While the governor commented on superintendent salaries a more complete term for remuneration is compensation, which includes salaries. Compensation is the term used in this chapter.

There are several issues that are inherent in his query. We identified several factors that make the compensation analysis not so simple and easy. We address the issues sequentially.

SCHOOL DISTRICT SUPERINTENDENT COMPENSATION-
TRANSPARENCY

We begin with the first issue, the most fundamental, that makes the task of compensation analysis difficult- Transparency. Transparency is always good. It gives the stake holders in a voice an organization in the matters such as compensation that needs to be awarded. Transparency of operations and monetary expenditures of an organization (unless it jeopardizes
health, safety and welfare of citizens, wildlife and the environment and) especially in a public organization allows a taxpayer to obtain information in order to make informed decisions regarding spending taxpayer dollars and operations. To illustrate the significance of transparency in an organization we import the implications of compensation transparency from the private sector. Through newly enacted laws, mainly Dodd–Frank Act (Public Law, 2010), discussed below, the private sector is legislatively mandated to disclose compensation. This disclosure mandate has yielded fruitful results for the stakeholders/shareholders of well-known companies. The excessive executive compensation dispensation was stanched for Chipotle (Jargon, 2014), Citibank (Silver-Greeberg, 2012), Oracle (Goldman, 2013). Shareholders of these well-known privately funded companies vetoed excessive compensation once they became aware of it.

But alas, the compensation amounts and its terms of school district superintendents, save recent efforts, are opaque; unless investigated by the media (McDonald, 2013). These are partial potential answers to Governor Cuomo’s query- there is lack of transparency and the taxpayers are not even aware of the amount paid out to the superintendent and further, there is lack of accountability of school district educational performance. Even the 2014 study and analysis conducted by American Association of School Administrators points out that 63% of superintendents who responded to a survey reported that the outcome of their performance is not made public(ASSA, 2014; Appendix 5). Further Riley expresses “Lack of transparency in adopting public worker wages and benefits has been truly startling” (Riley, 2012, p.xvii). Riley also points out that full disclosure is masked. Because of “fiscal illusion” the true costs are not revealed (Riley, 2012, p85 citing Norcross, 2010, 2011). As Peter Drucker famously said “if you can’t measure it you can’t manage it”. Carrying his statement further we, the authors, believe that
you can’t control exorbitant compensation awards, let alone managing, if you do not even know about it.

Further implications of lack of transparency consider this: Centinela school district superintendent’s compensation in 2013 was $663,000 for being an administrator of about 6600 students. Really? There is no typo here. How can that be? These are public taxpayers’ dollars. The school district residents were not aware of the exorbitant compensation; it took a scandal to expose the compensation amount (CBS, February 2014; CBS, March 2014). Centinela school district is not in some remote area it is in Los Angeles County and serves suburbs of Hawthorne, Lawndale and Lennox. One of the reasons the school district superintendents compensation and duties were not scrutinized is because the data is just not available - hidden from the public. What is there to hide? There is lack of transparency, accountability; and there is lack of availability of complete repositories of public compensation and expenditures.

The taxpayers are generally not aware of the substantial and in some cases excessive compensation of a school district Superintendent. How can that be? The primary reason is that the public taxpayer funded compensation of Superintendents is hidden from the public-transparency of compensation, duties and responsibilities is woefully lacking. Some states such as Nevada and California have started through a state sponsored portal to provide the total compensation of public employees including Superintendents. Other states have limited public compensation information and are not very usable and user friendly. Most states do not provide any compensation of school district Superintendents; it seems from the states’ viewpoint the compensation disclosure is sacrosanct. Compensation figures become public as a result of some scandal or investigative reports by journalists (McDonald, 2013; Pickle, 2010) often using Freedom of Information Act (Federal Register, 2015) to obtain the information that should be
public in the first place. In the environment of state deficits, less tax dollars because of constrained consumer spending declining or flattened demand for owner housing it is imperative that disclosure of school district Superintendents’ duties and accountability metrics be disclosed publically. New Jersey Governor recognizing the high salaries of Superintendents imposed a cap on the compensation of the school district Superintendents (Kaplan, 2011). As of this writing that law is being debated and efforts to overturn it has passed one house of the New Jersey. The legislation has yet to go through the second house and then finally for signatures of the Governor who imposed the salary caps in the first place. The outcome of legislation is unknown at this time.

In order for public participation regarding their tax dollars, the current system needs to be reformed to allow complete transparency. There are no national security issues. The taxpayers should not have to rely on media reports or eruption of scandals to learn about their taxpayers dollars at work. Transparency should be routine and disclosure as a matter of law.

SCHOOL DISTRICT SUPERINTENDENT COMPENSATION - CEOs OF SCHOOL DISTRICTS?

Second compensation issue: Superintendents are CEOs of school districts and, therefore, are entitled to very high compensation. This issue intertwines concepts of public v private companies (publicness), compliance with laws promulgated for the investor funded private company CEOs.
The following pronouncements echo through many school districts and highlight the CEO compensation issue:

"I know that's a sensitive issue," said Stuart Bennett, Georgia Association of Educational Leaders executive director, speaking of superintendents' compensation. "But it's a job with a lot of responsibility and a lot of pressure. Superintendents have a tremendous responsibility on them. They are CEOs" "People always talk about the salaries, but if you look, we're running a $200-million business with 3,000 employees and 120,000 students. It's a big job and a CEO position. It's comparable to any CEO position, added Martinson". (Shuttleworth, (2010)-Doug Martinson is the outgoing president of the Huntsville (Alabama) school board).

It is to be noted that the befitting title used by American School Superintendents Association for school district administrators is “superintendent”. The inevitable question is: Are they akin to CEOs of investor funded public companies either because as self-classified or ascribed as CEOs by others?

Majority of private companies under CEOs leadership are company employees; majority of the size of school district under school district superintendent are students who are not employees. School district superintendents are public employees compensated by the taxpayers of the school district. Private company CEOs are compensated by investors in the private company. There are other significant differences; and different metrics and rules are needed in the public sector.

Public versus private companies have been compared- degree of publicness, - in literature but the theoretical frameworks predate the 2008 recession.

In any of the above approaches the authors cited above do not discuss the source of funding and actions one can take if he or she is not satisfied with the results that are to be delivered by the
organization. In a public corporation which is privately funded the investor seeks a return on its investment (dividends) and growth in the value of the stock. In the event the investor is not satisfied with the results he or she can withdraw the investment and depending upon the percentage of the company one owns even seek removal of CEO. In contrast, the taxpayer who funds the compensation of the school district superintendent has no choice except to move from the school district- an impractical option. The taxpayers must pay taxes to fund the school superintendent regardless of the educational outcome of the school district.

The 2008 recession and its aftermath has fostered and precipitated a new norm which has significant consequences in terms of sources and amount of funding. Enhanced scrutiny of privately funded companies is one such result of the new norm. Scrutiny of public funds expenditures cannot be far behind given that most of the states, if not all, have deficits and underfunded pension liabilities.

Other macro contrasting differences between private and public organizations are applicability of several strict Securities and Exchange Commission laws and regulations to wit: Sarbanes Oxley act and Dodd’s Frank Act. (Appendix 7) These strict scrutiny laws are applicable to privately funded companies. These laws do not apply to public organizations such as school districts. Moreover, the private company CEOs task is to increase shareholder value and increase profits. The school district superintendent task, a public interest task, is to deliver good educational outcomes for student enrollees who will provide meaningful contributions to the society. Other than being lead administrators in their respective organizations school superintendents are not CEOs within the same meaning as private company CEOs. Different metrics and indicators are required for evaluation of a school district superintendent compensation, performance-educational outcomes and the system policies that will inevitably follow.
The argument advanced by School Boards for justification of Superintendents compensation is that they are akin to CEOs of public traded companies in terms of budget and size. The compensation paid to the Superintendents and the contracts which may outline or detail their responsibilities and accountability is not transparent - the taxpayers- funders of the superintendents’ compensation- are not made aware and or the details are not disclosed. What is lost in the school board statements that students are not employees they are members of a school district (All government data specifically terms the school district size in terms of enrollment-membership- not as number of employees.

The public traded companies are subject to rigorous compliance with several laws and regulations a recent and notable is the Dodd – Frank Act (Appendix 7). Recently Senator Elizabeth Warren strongly urged the Chairwoman of Securities Exchange Commission (SEC), the watchdog over the publically traded companies, the adoption of regulations including the rule proposed on September 18 2013. That rule mandates that a publically traded company disclose the ratio of the chief executive compensation to the median pay of the employees. The final rule adopted on August 15, 2015 and requires the CEO-to-median pay ratios disclosures be made for their fiscal year beginning on or after Jan 2017. In addition, for transparency, disclosure and accountability of performance of publically traded companies SEC proposed, on April 29, 2015, a new rule requiring CEO pay- to- performance disclosure - welcome news to the investors. Superintendents are not subject to any of these and other public laws governing publically traded companies. Performance of publically traded companies is public information. The new proposed regulation of April 29, 2015 takes another step for enhanced disclosure of performance- accountability of the Chief Executive Officer. By contrast, according to 2014 study by American Association of School Administrators, only 36% of the Superintendent’s
performance evaluations are made public (Appendix 5). Never mind Superintendent’s compensation-to-performance metric. Further comparison disassociation to ponder: publically traded companies are funded by investors; school districts are funded by taxpayers.

The comparison that may be more apt is comparison with the chief administrator of the state—the Governor. Here also the comparisons do not yield the basis for justification of substantial or excessive compensation of a school district Superintendent. Both, the Governor and the Superintendent are public servants and both funded by taxpayers. As the infographics show (for which the data is available; more on unavailability of data below) that the Superintendents make more than the Governor of the state which includes the school district. To be sure the districts Superintendents perform important tasks such as managing budgets and personnel and have staff to help them conduct their duties. Managing the revenues and budgets of students is not all the same as managing employees of a state or a publically held company to wit: payroll, taxes, health insurance, pensions, and employee HR and management. The academic heavy lifting for academic outcomes is performed by the school principals and the teachers whose compensation is available to the public. The performance of teachers and the Superintendents can be evaluated. Superintendent’s salaries are hidden from the public and only when the compensation is exposed because of a scandal or media investigation, the reasons for keeping the salaries become obvious—the taxpayer would rarely agree to award such excessive salaries, more so when the report cards of educational outcomes are abysmal. Governors, also, with the assistance of staff manage revenues and budgets, have many more duties for the entire state and are responsible for several departments in the state. The state budget and employees exceed several times that of a school district yet the Governors of the state are paid less than school district Superintendents. The Governors are accountable and their salaries and actions are transparent. Superintendent’s
compensation, accountability and performance tethered to academic outcomes are unknown and not transparent. In yet another example of inequity of compensation consider the U.S. Secretary of Defense, a public servant funded by taxpayer. Although the salary is fixed by statute, the Defense Department is the biggest public employer in U.S. with budget close to half a trillion dollars and about million and a half employees. The Defense Department Secretary’s compensation pales in comparison to compensation of a school district Superintendent who only manages a fraction of the Defense Department budget involving fraction of employees of the Defense Department.

Besides dealing with budgets and executing administrative tasks in fulfillment of his/her duties, a step in reform of his/her duties the superintendent needs to consider and incorporate into his/her school system the changing demographics of United States (Appendix 3; Appendix 4). Demographics of United States and the student’s characteristics who attend K-12 have changed and are changing. The current students who are attending the schools are defined as Millennials also known as Gen Y (even though there is no absolute definition consensus) and following Gen X. Both Gen Y and Gen Z (Appendix 3; Appendix 4) population is about 24% each of the total U.S. population of estimated at 319 million. Both these generations grew up with the internet and they are connected with technology- requiring a change in itself to the teaching methods. There are estimated 4.4 million students who are termed as English language learners (ELL) and estimated 3.0 million students with learning disabilities termed as LD. The demographic changes require a reform in the teaching methods, reformed curriculum- all part of the superintendent duties for which the superintendent is being compensated.

The superintendent deals with budgets- acknowledged. However, the superintendent should make adjustments with changing revenues and expenditures. Adjustments rarely occur; several
school districts run on deficits. School district superintendent’s tasks are challenging. To be sure the public School district superintendent, as the head school administrator, fulfils an important role in our society as discussed in ESMC.

**SCHOOL DISTRICT SUPERINTENTENT COMPENSATION- HOW ARE THEY PAID?**

The third compensation query is: For all their efforts how much they should be paid? We look at what is the current methodology and what should be the basis of compensation.

What methodology is currently used to pay the school district superintendent? Public vs Private companies?

By custom and practice basis of school district superintendent compensation is -a dogma- benchmarking- which in simple terms means compensation is based upon what other similarly situated superintendents make. This basis is not immutable and it is an opportunity to bring to fore innovative concepts for determining compensation that can lead to positive changes in performance and leadership.

We do not begrudge the compensation earned by school district superintendents to the extent they deliver through their leadership and organizational skills the educational results for which they were hired. The chapter is not an attack on the compensation of school district superintendents, rather a presentation of innovative methods for equitable compensation and responsible use of taxpayers’ dollars that fosters the desired and needed educational outcomes.

Benchmarking is a tool that was developed by Xerox in 1980’s to improve performance of warehousing activities- differences from its peers with respect to physical characteristics (sizes,
shape, and weight) (Yasin, 2002). Benchmarking looks to its industry to benchmarks-comparison with its peers-to implement in its operating environment. Benchmarking was initially not really designed for awarding compensation, but is used now as a basis for school district superintendent compensation and CEOs of privately funded public companies ((Laschever, 2013). Benchmarking does not take into account the performance of a school district, at least from the information that is generally available. According to Education week—Quality counts 2015: State report cards for all states - The US average was a grade of C with Nevada receiving a grade D and New York receiving a B-. Because of lack of transparency and performance metrics benchmarking is currently adopted as least resistant and expedient methodology to award compensation to public school district school superintendents and some CEOs of privately funded-investor funded-public companies. Indeed, Public School District superintendents have classified or have caused to classify their titles as akin to CEO’s of privately investor funded companies.

As to the argument to attract qualified administrators the school district need to offer comparable immense salaries- consider the situation in New Jersey. After the New Jersey Governor imposed a cap on Superintendent’s compensation to be the same as the Governor’s compensation several Superintendents left the state for adjoining states seeking higher compensation. In some cases the Superintendents collect pension from New Jersey and compensation from their new job. The New Jersey school districts found replacements for its school districts. It is general belief that given adequate exposure of a concrete job description, transparent compensation through advertising by a school district seeking a Superintendent it is very likely that able and qualified men and women with advanced administrative skills would answer the call to serve as a school district Superintendent.
CONCLUSION: COMPENSATION OF SCHOOL DISTRICT SUPERINTENDENT VERSUS A CEO OF PRIVATE COMPANY, AND BENCHMARKING.

This first segment of the study examined several factors to conclude that school district superintendents are not akin to CEOs of investor funded companies; notwithstanding district superintendents use the title of CEO either self classified or ascribed by others. There are stark differences between the two types of entities- taxpayer funded public entities and investor funded publically traded private companies. The conclusion is relevant and important. Individuals should be compensated and held accountable for their performance. Compensation should be based upon performance not on some immeasurable concept as benchmarking. Benchmarking suggests awarding compensation by comparing the compensation with one’s peers without more. The individuals should be generously compensated for their superior performance and relieved of their position for poor performance. Comparison by designation of titles is contra to the maxim. Expenditure of taxpayer funds requires and needs transparency. Private company (publically traded) CEOs are coming under new increased scrutiny. Employee – CEO pay ratio, and CEO performance-compensation is now legally mandated. Failure to comply can result in both civil and possibly other penalties. CEOs of these publically traded privately funded companies can also be dismissed for poor performance- there is accountability. Private company CEOS are elected by the stockholders and generally rooted in the amount of stock one holds. The board can dismiss the CEO by a vote at the board meeting. The board decides compensation based upon several factors and the compensation amount are
determinable as the companies are mandated to file reports required by Securities and Exchange Commission (SEC). A school district superintendent is not have the same structural organization and is not subject to any of the government requirements; and dismissal for solely lack of performance- poor educational outcomes- is near an impossibility. School district superintendents should not bootstrap the title as a justification and entitlement for high compensation. If superintendents are not CEOs and benchmarking is not the correct method for determining compensation then the question arises what is the right method. Before the final question regarding the method is considered we have to consider which determinants need to be considered for their nexus to compensation. This question is considered and examined in the next following chapter.
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CHAPTER 3: Is There A Relationship (Correlation) Of School Parameters/Outcomes With The Compensation Of A Public School District Superintendent?

Hypothesis: There is a correlation between school performance parameters and school superintendent compensation.

Article Title: Why choose correlation as a paradigm for superintendent compensation?

Before the determinants for superintendent’s compensation can be discussed a context is needed that provides the necessary background for the correlation analysis. Appendix 2-A provides the context. Correlation analysis id needed because the current benchmarking methodology is used for determining compensation. Benchmarking only uses one determinant – enrollment. While enrollment is one determinant there are several other determinants that must be considered. This segment discusses these determinants.

CORRELATION AS A PARADIGM FOR SUPERINTENDENT’S COMPENSATION

Education workforce is a product of good schools. Schools outcomes are to “cultivate” generation of productive knowledge workers” (Hannay, 2013). Productive knowledge workers mean educated workforce that is the students have knowledge and skills that can be translated into jobs. Knowledge and skills include the basics of education- ability to read and write and have knowledge of math and science. The process starts at the elementary and secondary level and the most important stage in the pre –college educational process. (Raymond, 1968). Knowledge and skills are what the employers need and what they screen the potential
employees. Appendix 1- Efficacious Sustainable Model Cycle (ESMC) shows the impact of educated workforce in a society and welfare of the citizens. School district superintendent as the head administrator is charged with the responsibility for quality of education. The school district educational outcomes rest with district superintendent. Superintendent’s compensation should be based upon delivering the outcomes he/she is chartered to do. But the question is what determinants or parameters and methodology should be used in determination of the school district outcome of quality education. We discuss these parameters in this article.

Appendix 1 and Appendix 2 provide the authors for this article suggested determinants or parameters that should be considered for a school district superintendent compensation. Various other authors in literature have suggested parameters for quality education to wit: teachers’ salaries, school systems paying higher salaries procure the best teachers and thereby the best instruction, student – teacher ratio, current expenditures per pupil (Raymond, 1968; Kelly & Orris, 2011 ;).” Kelly & Orris (2011) state that their “study is an analysis of public education accountability using the constructs developed in the accounting literature” and further states that:

[T]wo of the outcomes that should be measured is student achievement and participation. Achievement includes students’ “knowledge, understanding, and use of concepts and skills” and participation refers to student engagement (Shavelson et al., 1987, p.17).

Fundamental to successful student performance is retention in school and academic success which permits graduation (Porter, 1993).

Effectiveness addresses the relationship between teaching and learning: that is, the relationship between outputs and outcomes. Effectiveness measures include student/teacher ratio “which is frequently used as a proxy measure for class size” (U.S. Dept. of Education, 2006, p. 78) as well
as various staff relationships. Few would argue with the notion that as the student/teacher ratio declines, teaching effectiveness rises because of the premise that more teacher attention can be directed to each student. (Kelly & Orris, 2011)

Other outcomes suggested by Kelly & Orris (2011) are attendance rate (participation indicator), graduation rates (indication of achievement and participation) “and the percentage of students meeting academic standards under statewide testing for educational progress.”

The traditional parameters listed above by authors are not sufficient for correlating them to the superintendent’s compensation. There are challenges for parameter determination as listed below. School superintendent is at the apex of policy decisions and the education quality as an outcome is paramount. Superintendent’s compensation should be keyed to the impacts of inevitable challenges.

ECONOMY

The great recession had a devastating effect on US economy- lower tax collections. The unemployment had reached 10% (Driscoll & Salmon, 2013); in some areas the unemployment was even higher (U.S. Bureau of Labor Statistics. (2012). Spotlight on Statistics of the Recession of 2007–2009). “Funding per pupil, and at a time when the school age population was the highest, 49 states reduced state appropriations to public elementary and secondary education for at least one fiscal year( Driscoll &Salmon, 2013).. In 2011, the United States spent $11,841 per full-time-equivalent (FTE) student on elementary and secondary education, an amount 35 percent higher than the OECD average of $8,789. At the postsecondary level, U.S. expenditures per FTE student were $26,021, almost twice as high as the OECD average of $13,619. (National Center for Educational Statistics. ( n.d.): Education Expenditures by Country). Clearly then the
economy should be one of the parameters that need to be considered for superintendents compensation and is shown in the appendix 2 along with other compensation determinant parameters.

DEMOGRAPHICS

There are two aspects of demographics that the school districts will have to consider in serving the student population. One of them is the population group generation Y and generation X characteristics. This group as provided in appendices 2 and 3. Together they represent 48% of the U.S population of approx. 319 million (U.S. Census Bureau n.d. Fast Facts USA, State and County). These generations were and are being raised in the internet age. They are connected with their electronic devices- mobile phones, tablets and social media. Changes in curriculum and incorporation of technology in teaching methods and facilities are warranted. The second aspect of demographics is increasing diversity- measured by race, ethnicity and income- in U.S population. (Driscoll & Salmon, 2013). Hispanics are experiencing the greatest growth rate of any race or ethnicity and predominantly composed of Hispanic children and youth. (Driscoll & Salmon citing US Census Bureau Population Projections). To address students who speak language other than English (English Language Learners) a different mix of teachers is needed. The other group is students with disabilities (LD students). In U.S. the number of ELL 4.1 million and 6.4 million LD students are not insubstantial and their numbers are increasing.

The demographic changes and the mix affect the workforce. Appendix 2-1 shows the education attainment of the labor force. It is evident from the chart that 30% the persons of Hispanic and the Latino ethnicity have less than high school diploma. (U. S. Bureau of labor Statistics, 2013). Appendix --- shows employed people by occupation and race. The highest paying major occupational category is management, professional and related occupations. Hispanic and
Latino comprise 21% of this occupational group compared to 49% for Asians and 39% for whites. It appears that the fastest growing group does not possess the knowledge and skills for the management and professional category. Based upon the model in Appendix 2-1 and Appendix 2-2 special efforts and resources have to be allocated to provide this group with education for them to participate in the highest paying job categories.

This study conducted correlation analysis for the data obtained from the school superintendents Association.

PARTICIPANTS AND SAMPLE

Participants were a nationally representative sample of 1,284 school district superintendents. Of those who provided demographic information, 972 were male and 284 were female, with the majority of participants (939) being between 41-60 years old. With respect to ethnic makeup, the majority of respondents were White (1,167), followed by Black (32), Hispanic (23), American Indian/ Alaska Native (12), and Pacific Islander (3). The average enrollment of the school districts in which these superintendents governed was between 2,500 to 9,999 students. The average salary for superintendents was $130,438 (SD = $40,025). The average teacher salary was $36,713 (SD = $6,617), with the average principal salary was $93,422 (SD = $28,201). The average operating budget for these districts was $244,859,531 (SD = $15,000,000). The average graduation rate across all districts was approximately 79% (SD = 6.72%). Finally, the average years of experience for these superintendents were between 5-12 years.

DATA SOURCES
Data were secondary in nature and were obtained from the School Superintendents Association (AASA). Data were available from fiscal years 2010-2011 to 2012-2013. As discussed previously, not all respondents completed all items, and hence, there were some missing data. However, for all variables involved, only complete data were used for analysis.

Procedures

Approval from the IRB was obtained prior to data collection. After securing IRB approval, data were requested from AASA regarding superintendent’s salaries as well as other pertinent demographic information as well as characteristics of the school districts in which the superintendents worked. Data were then analyzed after being acquired from AASA to answer the research questions.

DATA ANALYSIS

All data were screened for univariate outliers according to the procedures outlined by Tabachnick and Fidell (2011) via the International Business Machine (IBM) Statistical Package for the Social Sciences (SPSS) Statistics 21. No extreme outliers that would otherwise undermine the trustworthiness of the data were detected. Data were first tested for univariate normality using histograms with the normal curve overlay and skewness and kurtosis statistics. Furthermore data were evaluated for assumptions including multicollinearity, homoscedasticity, linearity, and homogeneity of variance. All of the aforementioned assumptions were met, and thus, data analysis proceeded as planned.

A series of ordinary least squares (OLS) regressions were conducted to answer the second research question. In all regression models, superintendents salaries served as the criterion and per pupil expenditure, graduation rates, economic condition of the state in which the school
district was located, performance evaluations, and teachers’ salaries, among others, served as predictors.

RESULTS

Interestingly, only the economic condition of the state in which the district is located (b = 5.37 [CI95% = 2.96, 7.77], β = .43) significantly predicted superintendents salary, F(2,20) = 18.01, p = .001, R2 = .61, indicating that the better the economic conditions of the state, the higher the superintendents salaries, regardless of other key indicators such as performance. Similar results were found in the next regression model, in which only age (b = 2.40 [CI95% = 1.10, 3.70], β = .38) and operating budget (b = 10808 [CI95% = 4016, 17601], β = .58) significantly predicted salaries, F (3, 19) = 21.36, p = .001, R2 = .74. As with the previous model, older superintendents had higher salaries than younger ones; also, salaries were higher in districts with higher operating budgets. It is noteworthy that enrollment (b = 3452.71 [CI95% = 1420.10, 5485.33], β = .50) was a significant positive predictor of salary, F (1, 34) = 11.91, p = .002, R2 = .24, albeit weak. Districts with higher enrollments tended to pay superintendents more than districts with lower enrollment numbers. Finally, when graduation rate (b = -1103.41 [CI95% = -2191.34, -15.48], β = -.31) was added to the regression model, it was actually a negative predictor of salary, F (2, 30) = 8.01, p = .002, R2 = .08. This indicates that districts with higher graduation rates actually tend to pay superintendents less than districts with higher graduation rates, which is counterintuitive.

CONCLUSION

Taken together, these results suggest that factors that are considered “common sense” predictors of superintendents salary such as graduation rate, per pupil expenditure, performance,
and teachers’ salaries are not truly predictive and, in the case of graduation rate, is actually against the expected direction (i.e., negative as opposed to positive predictor). Therefore, there is a need to devise a new method to determine superintendents’ compensation that is evidence-based.
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CHAPTER 4: What Should Be The Basis To Compensate The Public School District Superintendents?

Article title: If current method of benchmarking is not used what should be the methodology to compensate a school district superintendent?

School superintendents serve an important function in the education system- Appendix 1, Appendix 2-1, Appendix 2-2. Elementary and secondary schools are starting point for the future wellbeing of individuals and family, sustained robust economy and health welfare of the society (Appendix 2-1). The superintendent is key administrator that can influence quality education outcome that leads to educated work force, jobs, which in turn are source of taxes which are used for security, welfare of the needy and the infirm and general welfare of the citizenry. It is generally accepted aphorism that high compensation will engender superior performance by the recipient of the compensation. It suggests that a highly compensated superintendent will produce the desired educational outcomes- quality education that cultivates educated and knowledge workers.

How should the superintendent be paid? In earlier articles it was concluded that the basis of superintendents compensation based upon the claim that they are akin to a CEO of an investor funded publically traded company is erroneous and compensation based upon benchmarking is inappropriate though the methodology is widely used currently. In another study preceding this article authors of this article identified that there is no or very limited correlation between the superintendents compensation and the individual predictor explanatory variable and the superintendent compensation. To proceed further some context is needed. The context is provided in Appendix 2-A and 3-A.
This study provides the results of regression analysis of the data. In the regression model, superintendent’s salary served as the dependent variable and the determinants as the predictor variables. Each dependent/ independent variable was analyzed using SPSS -21. The results from the analysis conducted did not yield useful and usable results to predict school district superintendent compensation. The purpose was to be able to predict the superintendents compensation based upon determinants that was expected to have correlation to the compensation. The results below indicate that the null hypothesis is rejected and that there is no individual correlation of determinant and compensation or are limited. This study develops a unique compensation predictor model and uses concepts of multivariate analysis by aggregating the regression of individual determinant and superintendent compensation and using a regression coefficient that is practical. The traditional regression analysis was uniquely modified and used to develop Salary/ Compensation Predictor Model (CPM).

Results Of Analysis Of Available Data.

Regression analysis was conducted for the available data as identified in the previous article. Zero-order correlations were requested for the sample for the number of variables and are displayed. The correlation matrix in table indicates that there were weak correlations. The analysis provided a selected summary of regression of superintendent salary for the fiscal year 2012 as follows. $R^2 = .643$, $F= 18.015$, Sig (p) = .001. Therefore as stated above the data suggests that null hypothesis is rejected (Null hypotheses: There is a correlation between the parameters selected -the alternate hypothesis is there is no correlation is accepted). Generally
addressing for $\alpha = .05$ (The level of significance) and denotes 95% confidence level F statistic should be 3.96; in our case $F = 18.015$, clearly statistically significant (i.e. We can state with confidence that the phenomenon is not by chance). Coupled with the value of F statistic the p (probability) value is .000 rounded to .001-Type I error is minimized. As a note had there been a higher the correlation the probability would have been the null hypotheses would have been retained. In addition, although not in the case study if the sample size was small (around 30) the possibility of type II error would exist with high correlation.

We used multivariate regression analysis to study public school district superintendent’s compensation using IBM SPSS-21. Data were evaluated for univariate normality using skewness and kurtosis values and histograms with normal curve overlay (Tabachnick & Fidell, 2011) using SPSS 21 as well as multivariate normality using a chi-square scatter plot. All variables approximated univariate normality, with all skew and kurtosis values less than the absolute value of 2. Data also were screened for univariate outliers using box-and-whisker. No cases were classified as outliers, and thus, all the number of people were retained for analysis.

A series of stepwise linear regression analyses were conducted. In each of the number of the regression models in SPSS output all salaries- superintendents, teacher, etc. all predictors used in models served as predictors and each of them served as the criterion in each of the models respectively. Multi variate regression analysis was conducted. The intercept generated from the traditional regression was not used. The superintendent salary has to have a nexus to the salary of the person(s) performing the work- in this case school principal. The regression intercept used is the principal’s salary. We adjusted the p-value to account for the multiple ordinary least squares regressions using the Bonferroni adjustment to obviate Type I error rate inflation. Effect sizes for all regressions were reported as $R^2$. 

Our findings indicated that superintendents’ salaries are not significantly dependent upon enrollment, English language Learners (ELL), Students with learning disabilities (LD), dropout rates, graduations rates, teacher pupil rate ratios. These findings suggest that these metrics for a superintendent’s accountability and responsibilities have no nexus to superintendent’s salary/compensation. The current method/model using benchmarking to award salaries- in some cases excessive- is not appropriate and proper utilization of public funds. An alternate method which is rooted in the metrics outlined above is needed for efficient utilization of public funds. A new model developed in this study Compensation Predictor Model (CPM) provides transparency and a model to award equitable reasonable salaries to school district superintendents. Methodology used by CPM can be extended to other compensation analysis and awards.

COMPENSATION PREDICTOR MODEL.

The model is based upon the concepts and principles of regression analysis. Regression (methodology also called ordinary least squares) is a best fit line (linear) and correlation between two variables. The general regression line is defined by the equation Y= BX+A. where Y is the dependent variable, X is the explanatory variable, B is regression coefficient (slope which can be positive or negative) and A is called the regression coefficient. The slope defines, predicts, the compensation for a unit change in a determinant. The flatter the slope means there is very little change in compensation for unit changes in explanatory variable. Another consideration is whether the regression results are statistically significant. For large samples (as in our study an F statistic is used for determination whether the result is statistically significant. The cutoff for statistical significance using an F statistic is 3.96 for 95% confidence level. Parenthetically it should be noted for sample size less than 30 a t statistic should be used and for 95% confidence
level the t value is 1.96 for statistical significance. With respect to the regression constant it is the value when the coefficient correlation (r) is zero, the regression coefficient is zero and the corresponding value of Y is the regression coefficient (Hinkle, .2003).

DEVELOPMENT AND APPLICATION OF CPM, APPENDIX 3-1

For superintendents compensation the previous article identified numerous determinants/parameters as explanatory variables for compensation which had varying degrees of correlation for the available data.

The dependent variable for CPM is superintendent compensation and the independent variables (also known as explanatory variables) is a composite summation of the determinants identified in the previous article. CPM model aggregates including the direction (sign of the slope for each determinant correlation with the dependent variable- compensation). Each determinant has its own regression coefficient (represented by slope of the best fit line of the determinant and compensation).

The general regression constant is not used in the CPM model for the following reasons. The value of constant by itself does not add to the understanding of the predictive model. Inclusion of the constant (the Y axis intercept) in the equation is the location where residuals have a mean of zero. If constant is not included in the regression equation then the line will be defined through the origin with coordinates (0, 0). This would not provide a meaningful result because all the determinants/ predictors cannot be zero in the multivariate analysis. That would mean that compensation would be zero even if some of the predictors are not zero- clearly not a correct and a practical result. Therefore a constant which has practical significance has to define. The
authors used the constant for CPM model that comprises of two components. The study used the two components as the principal’s compensation and a discretionary amount of the compensation. The principal salary was selected as the base startup salary as the principal to some degree with respect to school educational outcome is akin to a junior superintendent. In addition the school district superintendent to achieve and deliver the quality education outcome has to get the tasks accomplished through other persons, and the most logical and appropriate person to execute the tasks and duties towards achievement of district goals is a school principal. School principal’s salary was one of the components of the intercept. The second component of the intercept is the discretionary amount over and above the principal’s compensation in the event the school district superintendent has skills and knowledge to enhance the education quality performance.

Another aspect of the model is it incorporates inflation in award of compensation. Inflation is measured by CPI-W figures published by the federal government. Thus in awarding the compensation the raises can be tethered to inflation as a minimum. CPM does not prohibit bonuses for superior performance. One of the most key features is that the compensation of superintendent is transparent.

EPILOGUE

CPM model is shown as Appendix 3-1. As can be seen the model is robust and can be used to predict compensation of superintendents based upon the determinants for quality education outcome. After taking into consideration, the district educational outcomes, economy and other factors the taxpayers can decide whether the tax payer funded compensation to the school district superintendent is “worth it.”
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CHAPTER 5: Conclusions, Limitations, and Future Research

For most compensation is a motivating factor to perform better jobs. Generally, individuals desire and aspire for higher compensation. Good performance should be rewarded with higher compensation; but at times it is not necessarily so—compensation has no relationship to performance. This study examined the public school district superintendent’s compensation through a methodology that builds on the conclusion of the previous analysis. The subject of the study was selected as the compensation of school district superintendents. District superintendents are key and central members in an education system in the formative years of individuals as students. Impact of formative a student’s year’s education has far reaching consequences (Appendix 2-1).

This study examined three segmented questions, related to compensation of Public school district superintendent’s compensation. to wit: (1) Are the tax payer funded Public school District Superintendents akin to investor funded company CEOs?—the question is raised because of public school district superintendent’s self-ascribed or designated title status as a CEO of an investor funded company. (2) Is there a relationship (correlation) of school outcomes with the compensation of a Public School superintendent? And; (3) what should be the basis to compensate the public school district superintendents.

The first segment of the study examined several factors to conclude that school district superintendents are not akin to CEOs of investor funded companies; notwithstanding district superintendents use the title of CEO—either self-classified or ascribed by others. There are stark differences between the two types of entities—taxpayer funded public entities and investor funded publicly traded private companies. The conclusion is relevant and important. Individuals should be compensated and held accountable for their performance. Compensation should be
based upon performance. The individuals should be generously compensated for their superior performance and relieved of their position for poor performance. Comparison by designation of titles is contra to the maxim. Expenditure of taxpayer funds requires and needs transparency. Private company (publically traded) CEOs are coming under new increased scrutiny. Employee – CEO pay ratio and CEO performance- compensation is now legally mandated. Failure to comply can result in both civil and possibly other penalties. CEOs of these publically traded privately funded companies can also be dismissed for poor performance- there is accountability. Private company CEOS are elected by the stockholders and generally rooted in the amount of stock one holds. The board can dismiss the CEO by a vote at the board meeting. The board decides compensation based upon several factors and the compensation amount is determinable as the companies are mandated to file reports required by Securities and Exchange Commission (SEC). A school district superintendent is not have the same structural organization and is not subject to any of the government requirements; and dismissal for solely lack of performance- poor educational outcomes- is near impossibility. School district superintendents should not bootstrap the title as a justification and entitlement for high compensation. If superintendents are not CEOs then the question arises what factors should be considered. This query was examined in the following section.

Performance factors of school district superintendent compensation are common sense and fairly obvious. The compensation should be linked to graduation rates, teacher salaries, principal’s salary development of knowledge and skills as measured by graduates either employed or attending institutions of higher learning. Our analysis indicated that the superintendent’s compensation has no correlation to the indicators of performance. This conclusion leads us to conclude there is no rational basis for awarding compensation and may
even be arbitrary. In a private setting such dispensation of compensation may be condoned but certainly not acceptable when taxpayer funds are involved. This conclusion begs the question if there is no correlation of proxy determinants to compensation how should the compensation be structured and awarded.

The answer to this question is provided by the development of a Compensation Predictor Model (CPM). The compensation predictor model is a modified bivariate regression analysis which aggregates the regression coefficients for linear predictability. The CPM also adds two practical aspects. The regression constant comprises of two components: principals salary and discretionary amount as the starting point of developing the superintendent’s compensation. The straight line is then adjusted for inflation (Using CPI-W), published by U.S. BLS. This model is flexible and responsive and any number of parameters regardless of the direction of correlation can be added to predict the superintendent’s compensation.

This study by analyzing key considerations of a school district superintendent compensation provides a transparent method to determine and award compensation that is transparent. Using compensation as a starting point the taxpayers can decide if they are getting their monies worth.

The study examined ASSA data which aggregated information from several geographical areas. The study should consider various geographical areas for future research. For future research CPM model could be considered for principals salary, teachers salaries. Of course different determinants as proxy for performance can be used.
APPENDIX 1

[Diagram of Efficacious Sustainable Model Cycle (ESMC)]

- Educated Work Force
- Attracts Business (Private)
- Invest School System
- Increase Local, State, U.S. Economy
- Create additional new biz sustain exist. Pay taxes

Efficacy (Partial List):
- Enrollment
- Graduation Rates
- Dropout Rates
- Good for Univ
- Quality Instruction
- Test Scores
- New programs for changing demographics
- Technology

Invest Infrastructure
PUBLIC ASSISTANCE PROGRAMS

Services:
- Law Enforcement
- Sanitation
- Maintenance
- Water
- Sewer
- Other Services
APPENDIX 1-A

Includes equivalency credentials, such as the General Educational Development (GED) credential.

NOTE: Full-time year-round workers are those who worked 35 or more hours per week for 50 or more weeks per year.

APPENDIX 2

Projected Population by Generation

In millions

Note: Millennials refers to the population ages 18 to 34 as of 2015.
Source: Pew Research Center tabulations of U.S. Census Bureau population projections released December 2014

PEW RESEARCH CENTER
While there are varied definitions of the generations from the past century, Nielsen defines them as follows:

- Greatest Generation (1901-1924)
- Silent Generation (1925-1945)
- Baby Boomers (1946-1964)
- Generation X (1965-1976)
  -- Younger Millennials (18-27)
  -- Older Millennials (28-36)
- Generation Z (1995-Present)
## APPENDIX 4-A

### Grading Summary

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<th>School Finance</th>
<th>K-12 Achievement</th>
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<td>Total Score</td>
<td>Grade</td>
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<td>B</td>
</tr>
<tr>
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<td>B</td>
<td>85.0</td>
<td>B+</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>C+</td>
<td>B</td>
<td>85.0</td>
<td>B</td>
</tr>
<tr>
<td>South Dakota</td>
<td>C</td>
<td>B</td>
<td>85.0</td>
<td>B+</td>
</tr>
<tr>
<td>North Dakota</td>
<td>C</td>
<td>B</td>
<td>85.0</td>
<td>B</td>
</tr>
<tr>
<td>Illinois</td>
<td>C+</td>
<td>B</td>
<td>85.0</td>
<td>B+</td>
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<tr>
<td>Ohio</td>
<td>C</td>
<td>C</td>
<td>85.0</td>
<td>C+</td>
</tr>
<tr>
<td>Washington</td>
<td>B</td>
<td>B</td>
<td>85.0</td>
<td>B+</td>
</tr>
<tr>
<td>Kansas</td>
<td>B</td>
<td>B</td>
<td>85.0</td>
<td>B+</td>
</tr>
<tr>
<td>Colorado</td>
<td>C</td>
<td>B</td>
<td>85.0</td>
<td>B</td>
</tr>
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<td>Nebraska</td>
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<td>B</td>
<td>85.0</td>
<td>B</td>
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<td>Hawaii</td>
<td>C</td>
<td>B</td>
<td>85.0</td>
<td>B</td>
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<tr>
<td>Iowa</td>
<td>C</td>
<td>B</td>
<td>85.0</td>
<td>B</td>
</tr>
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<td>Indiana</td>
<td>C</td>
<td>B</td>
<td>85.0</td>
<td>B+</td>
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<td>Alaska</td>
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<td>B</td>
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<td>B+</td>
</tr>
<tr>
<td>West Virginia</td>
<td>C</td>
<td>B</td>
<td>85.0</td>
<td>B</td>
</tr>
<tr>
<td>Florida</td>
<td>C</td>
<td>B</td>
<td>85.0</td>
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</table>

70
### APPENDIX 4-B

**Substantive Summary**

<table>
<thead>
<tr>
<th>Overall State Grade</th>
<th>Chance for Success</th>
<th>School Finance</th>
<th>K-12 Achievement</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Quality Counts 2016</td>
<td>Quality Counts 2016</td>
<td>Quality Counts 2016</td>
</tr>
<tr>
<td>Grades</td>
<td>Total Score</td>
<td>Grades</td>
<td>Total Score</td>
</tr>
<tr>
<td>--------</td>
<td>-------------</td>
<td>--------</td>
<td>-------------</td>
</tr>
<tr>
<td>KENTUCKY</td>
<td>C</td>
<td>75.0</td>
<td>C</td>
</tr>
<tr>
<td>MISSISSIPPI</td>
<td>C</td>
<td>72.5</td>
<td>C</td>
</tr>
<tr>
<td>NORTH CAROLINA</td>
<td>C</td>
<td>77.5</td>
<td>C</td>
</tr>
<tr>
<td>TENNESSEE</td>
<td>C</td>
<td>75.3</td>
<td>C</td>
</tr>
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<td>DISTRICT OF COLUMBIA</td>
<td>C</td>
<td>77.0</td>
<td>B</td>
</tr>
<tr>
<td>DISTRICT OF COLUMBIA</td>
<td>C</td>
<td>69.5</td>
<td>C+</td>
</tr>
<tr>
<td>CALIFORNIA</td>
<td>C</td>
<td>72.8</td>
<td>C</td>
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<tr>
<td>LOUISIANA</td>
<td>C</td>
<td>66.9</td>
<td>C</td>
</tr>
<tr>
<td>COLORADO</td>
<td>C</td>
<td>63.7</td>
<td>C</td>
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<tr>
<td>ARIZONA</td>
<td>D</td>
<td>67.5</td>
<td>C</td>
</tr>
<tr>
<td>NEW MEXICO</td>
<td>D</td>
<td>65.5</td>
<td>D+</td>
</tr>
<tr>
<td>MISSISSIPPI</td>
<td>D</td>
<td>54.2</td>
<td>D</td>
</tr>
</tbody>
</table>

**Note:** States are ranked based on overall scores. The National Center for Education Statistics (NCES) calculates grades for each state, which are based on a state's performance on various indicators, including the percentage of students who are proficient or advanced in reading and mathematics, the percentage of students who are enrolled in advanced courses, and the percentage of students who are enrolled in higher education. States with higher overall scores are ranked higher. The grades are assigned on a scale of A (Excellent) to F (Failing).
APPENDIX 5

STATE OF THE SUPERINTENDENCY

Is your formal performance evaluation linked to objectives or directions specified in the previous year's performance?

- YES 50.1%
- NO 49.4%
- NO RESPONSE: 0.5%

Is your formal performance evaluation linked to student outcomes/ performance?

- YES 37.9%
- NO 61.4%
- NO RESPONSE: 0.6%

Is the outcome of your formal performance evaluation made public?

- YES 36.3%
- NO 62.9%
- NO RESPONSE: 0.8%

APPENDIX 6

Laws and Regulations CEOs and School District Superintendents

CEOs are subject to numerous laws and regulations, school district superintendents are not subject to these laws which demand strict scrutiny of compensation, performance and accountability for other activities. Public traded companies are funded by investors who generally use discretionary funds to obtain a return on their investment. The investors, shareholders, own a portion of the company depending upon the level of their investment. They can purchase or divest their stock if they are not satisfied or approve the management, or their rate of return. The shareholders can also oust the CEO through directors and voting. CEOs are answerable to the shareholders. Poor performance by a CEO can and does lead to his/her ouster. The CEO’s mission and duties are to increase shareholder value. CEO’s compensation amounts are available publically, albeit one has to go through the company’s Securities and Exchange (SEC) filings.

Contrast the role of a school district superintendent with a publically traded company CEO. The superintendent is funded by the taxpayers. The taxpayer must pay taxes; there is no election by the taxpayer whether or not to pay taxes unlike a publically traded company shareholder who can divest his/her interest. School district superintendents are not answerable to the taxpayers directly. They are governed by the school district boards that are too often pusillanimous. School district superintendents are rarely removed for performance; unless he/she has engaged in an unethical act. District superintendent compensation is generally not available and kept secret even though he/she is funded by taxpayers. The rationale provided for keeping the compensation not in the public domain is that salary information is confidential. SEC for
publicly traded companies has a procedure to maintain confidentiality of certain items. One can obtain the superintendent’s compensation through a FOIA request which requires the person seeking the information to pay for the request.

**Publically Traded Companies.** Public companies are required to report earnings (earnings per share) accordance with Generally Accepted Accounting Practices (GAAP) to the Securities Exchange Commission (SEC) which governs publically traded private and stock exchanges listed companies. Accurate reporting to SEC through “filings” is mandatory and civil and criminal penalties may be imposed on the company, officers and their agents for non-compliance. The mission of the U.S. Securities and Exchange Commission is to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. It fulfills its mission through a plethora of laws, regulations. - a selected few main laws are identified below.

Compensation of CEOs of publically traded companies is not readily available but one needs to know where to look in the mandatory filings as the compensation is a material filing requirement. In the proxy statement, a filing, a compensation table is required to be submitted. The easiest way to view the annual proxy statement is select the most recent filing that has the title "DEF 14A. It's called a DEF 14A because it's the "definitive," or final, proxy statement. "14A" refers to the fact that proxy statements are filed pursuant to Section 14(a) of the Securities Exchange Act of 1934. SEC Form 10K also may provide compensation details but it may refer to the proxy statement instead. In the compensation table one can obtain all the compensation data: base salary, use of company plane, stock options, numerous other benefits which may include but not limited to loans to the CEO on very favorable terms, loan forgiveness, purchase of a residence and other financial benefits awarded to the CEO.
The selected SEC laws that govern the securities industry that pertain to this position paper are as follows:

**Securities act of 1933.** It is also called the “truth in securities” and has two basic objectives: (1) require that investors receive financial and other significant information concerning securities being offered for public sale; and (2) prohibit deceit, misrepresentations, and other fraud in the sale of securities (SEC, n.d.).

**Securities act of 1934.** With this Act, Congress created the Securities and Exchange Commission. The Act empowers the SEC with broad authority over all aspects of the securities industry. This includes the power to register, regulate, and oversee brokerage firms, transfer agents, and clearing agencies as well as the nation's securities self-regulatory organizations (SROs). The various securities exchanges, such as the New York Stock Exchange, the NASDAQ Stock Market, and the Chicago Board of Options are SROs. The Financial Industry Regulatory Authority (FINRA) is also an SRO. The Act also identifies and prohibits certain types of conduct in the markets and provides the Commission with disciplinary powers over regulated entities and persons associated with them. The Act also empowers the SEC to require periodic reporting of information by companies with publicly traded securities (SEC, n.d.).

**Sarbanes-Oxley Act of 2002.** On July 30, 2002, President Bush signed into law the Sarbanes-Oxley Act of 2002, which he characterized as "the most far reaching reforms of American business practices since the time of Franklin Delano Roosevelt." The Act mandated a number of reforms to enhance corporate responsibility, enhance financial disclosures and combat corporate and accounting fraud, and created the "Public Company Accounting Oversight Board," also known as the PCAOB, to oversee the activities of the auditing profession (SEC, n.d.).
Oxley act was enacted in response to Enron Era scandals and added whistleblower protection provisions (Bowman & West, 2015, p 207)

**Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.** The Dodd-Frank Wall Street Reform and Consumer Protection Act were signed into law on July 21, 2010 by President Barack Obama. The legislation set out to reshape the U.S. regulatory system in a number of areas including but not limited to consumer protection, trading restrictions, credit ratings, regulation of financial products, corporate governance and disclosure, and transparency (SEC, n.d.). Dodd-Frank act was enacted to restore the selected Depression era banking regulations, regulate new financial instruments that contributed to the 2008 financial meltdown and to prevent future bailouts (Bowman & West, 2015, p 217)

One of the key provisions that were added to bring into focus income inequality was CEO-median worker pay ratio. SEC following the Dodd-Frank mandate required: Under Section 953(b) of the Dodd-Frank Act directs the Commission to amend existing rules to require companies to disclose:(1)The median of the annual total compensation of all employees of the company.(2)The ratio of that median to the annual total compensation of its CEO.(SEC, 2013).

Under SEC rules, companies are required to provide extensive information about the compensation of their CEO and other named executive officers. Companies are not, however, required to disclose the same compensation information for other employees. SEC rules require compensation information to be calculated and presented in accordance with U.S. Generally Accepted Accounting Principles (GAAP), which differs from the tax accounting and reporting standards that companies may use for purposes of determining employee compensation. As a result, Section 953(b) calls for new disclosure about employee compensation that is not currently required. In addition this act provided for two new requirements: CEO- median worker pay ratio
that increases the transparency of excessive compensation and more recently, April 2015 adds a provision for accountability- information showing the relationship between executive compensation actually paid and company financial performance.(SEC. 2015)
Where Did Every Dollar in Spending Go?

49% Major entitlements
- Medicare, Medicaid, other health care: 25%
- Social Security: 24%

20% Income security, other benefits

18% National defense

6% Net interest

FIGURES FOR 2013

Notes: Income security includes federal employee retirement and disability, unemployment compensation, food and housing assistance, and other federal income security programs. Figures have been rounded. National defense includes overseas contingency operations.

Federal Spending by the Numbers 2014 heritage.org
APPENDIX 8-1

( numbered 2-1 in text)

[Diagram showing employment by occupation, race, and Hispanic or Latino ethnicity, 2012 annual averages]

Notes: People whose ethnicity is identified as Hispanic or Latino may be of any race. Data may not sum to 100 percent due to rounding. Source: U.S. Bureau of Labor Statistics, Current Population Survey (CPS).
APPENDIX 8-2

(numbered 2-2 in text)

Educational attainment of the labor force age 25 and over by race and Hispanic or Latino ethnicity, 2012 annual averages

- Less than a high school diploma
- High school graduates, no college
- Some college or associate degree
- Bachelor's degree and higher

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>Less than HS Diploma</th>
<th>HS Graduates, No College</th>
<th>Some College/Associate Degree</th>
<th>Bachelor’s Degree and Higher</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>9</td>
<td>27</td>
<td>28</td>
<td>36</td>
</tr>
<tr>
<td>Black or African Am.</td>
<td>8</td>
<td>33</td>
<td>33</td>
<td>26</td>
</tr>
<tr>
<td>Asian</td>
<td>7</td>
<td>17</td>
<td>18</td>
<td>58</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>30</td>
<td>31</td>
<td>23</td>
<td>17</td>
</tr>
</tbody>
</table>

Notes: People whose ethnicity is identified as Hispanic or Latino may be of any race. Data may not sum to 100 percent due to rounding. Source: U.S. Bureau of Labor Statistics, Current Population Survey (CPS).
APPENDIX 8-3

(numbered 2-3 in text)
APPENDIX 8-4

( numbered 2-4 in text)
**Rule of thumb for Interpreting the Size of a Correlation Coefficient***

<table>
<thead>
<tr>
<th>Size of Correlation</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>.90 to 1.00 (-.90 to -1.00)</td>
<td>Very high positive (negative) correlation</td>
</tr>
<tr>
<td>.70 to .90 (-.70 to -.90)</td>
<td>High positive (negative) correlation</td>
</tr>
<tr>
<td>.50 to .70 (-.50 to -.70)</td>
<td>Moderate positive (negative) correlation</td>
</tr>
<tr>
<td>.30 to .50 (-.30 to -.50)</td>
<td>Low positive (negative) correlation</td>
</tr>
<tr>
<td>.00 to .30 (.00 to -.30)</td>
<td>Little if any correlation</td>
</tr>
</tbody>
</table>

Hinkle, Wiersma, Jurs
APPENDIX 8-A

( numbered 2-A) in text

ARE PUBLIC SCHOOL SUPERINTENDENTS AKIN TO CEOS OF INVESTOR FUNDED PUBLIC COMPANIES?

The Education System

There is general agreement among economists, U.S Federal Reserve, and researchers that education leads to access to economic opportunities, higher standard of living, upward mobility, economic security, better nutrition, health care and less dependence upon government assistance programs. (Berger & Fisher, 2013; Yellen, 2014, Bovino, 2014).

But there is a problem. All the viewpoints of the commentators cited above and others sharing the same view are good and are valid but they do not address the key role of the chief protagonist in the education system- the public school district superintendent who is ultimately responsible for guiding the district, implementing programs that produce the outcomes the public schools are chartered, by the taxpayers of the district, to deliver.

Generally in formative years children attend primary and secondary schools and are under the guardianship of their parent(s). Foundation of citizens’ contributions to society begins with education when one enters kindergarten and progresses through high school. These schools are located in school districts within areas where the children and parents reside. The school district superintendent has important responsibilities and duties. It is he/she who oversees the basic
building of educational foundation of citizens by creating an educational conducive environment and delivering through teachers and principals quality education to the student enrollees.

The education business in United States is a leviathan. The United States federal government spends $619 billion dollars on education (National Center for Education Statistics (n.d.) Projections, Appendix 8). For public school system there are 98, 454 public schools, 13, 515 school districts and about 41 million students are enrolled in K-12 grades. Other facts to wit: number of teachers about 3.5 million, number of principals about 115,540 (National Center for Education Statistics, n.d., Tables).

The raison d’etre of a public school district superintendent’s is to create a conducive academic environment and to deliver quality academic education funded by taxpayers to current and changing demographics.

Education System- Public School District Superintendent.

To illustrate the significance of the education system and use as a model to suggest reform the authors have developed an Efficacious, Sustainable Model Cycle (ESMC)- within a crucial component- education ( Appendix 1). Understanding the model vis-a-vis education system highlights the importance of education especially in the formative years- primary and secondary school education. ESMC model can be summarized as follows: good schools produce educated workforce which are needed by the industry and businesses. Businesses and industry will locate near an area that is a well of good productive educated workforce. In the process of hiring good workers industry and businesses create jobs which allow employees to purchase goods and services and housing. Employees, industry and businesses pay more taxes into the state exchequer which can in turn provides funds for necessary state services and assistance programs.
for its citizenry, the needy and infirm. Receipts of increased funds are in turn allocated to the school districts headed by school district superintendent. The ESMC cycle continues. To be sure the ESMC as described above is depicted under ideal conditions. The ESMC is subject to recessions, tight monetary policies, fluctuations in consumer’s demands and adverse government policies and regulations and other vagaries. The chief protagonist in the education system is the public school district superintendent.

With respect to the public school district superintendent consider the following comments:

“The 2015 summative grades are based on three key indices …the nation as a whole earns a C grade, with a score of 74.3 out of 100…” (Education Week, 2015, Appendix 5).

And:

“I understand that they sometimes have to manage budgets, and sometimes the budgets are difficult,” he said. “But why they get paid more than the governor of the state I really don’t understand. “We have $500,000 school superintendents,” he told reporters after his appearance in Purchase. “We can’t pay those kinds of salaries.” (Kaplan, 2011 citing NY governor A.M. Cuomo). Besides Mr. Cuomo New Jersey governor also focused on school administrators’ salary by imposing a salary cap of $175,000. (Kaplan, 2011)

If that is not enough for one to conclude that some type of reform is needed the following excerpt from the National Center of Education Statistics should underscore the need for reform:

“In 2013, young adults (ages 25-34) with a bachelor's degree earned more than twice as much as those without a high school credential ($48,500 vs. $23,900) and 62 percent more than young
adult high school completers ($48,500 vs. $30,000)” National Center for Educational Statistics May 2015, Appendix 2).

What is going on? Disparity in incomes of high school graduates, dropouts, overall education grades earned by a State, high salaries of public school district superintendent funded by taxpayers. Surely, something is amiss and reformatory steps are needed; at least in the education system for an ideal ESMC. In this chapter the words change and reform are used interchangeably. Education reform is a very vast subject and to address all aspects of it is beyond the scope of this chapter. This chapter hones in on a crucial aspect of education reform-the public school district superintendent, more specifically compensation of the district superintendent. Reform is generally instituted through a leader under whose tutelage the organization performs or does not perform. One method of requiring the desired performance is directing a leader’s attention through his/her compensation. Compensation is a great motivator.

It is general belief that a person is amply rewarded for good performance. Good compensation is an important factor in attracting and retaining talent and catalyst for desired performance. What should be the compensation or remedies if there is no or de minimis performance by existing actors. Alternatively we could ask: Are we getting our monies worth? In this chapter we focus on school district superintendent’s compensation because the superintendent has a key role in the education system, as described by the ESMC, and compensation is generally a determinative factor in eliciting good performance or in this case is it?

Analysis of district superintendent compensation is not clear cut and easy because information is not available (Ehrenberg, 1988) or is masked from public scrutiny; even though public school superintendents are paid by tax dollars of the residents residing in the school
district. The task is difficult because of lack of transparency, lack of details of their compensation, lack of accountability and yet classifying themselves as akin to CEOs without any requirements to comply with myriads of laws and regulations that CEOs of private companies funded by investors have to comply with. The compensation of school district superintendent is the key area in the education system that urgently needs reform.

What are the issues and how should they be addressed to bring about a reform that aligns with the ESMC? We now turn to address these issues and conclude the chapter by providing recommendations in the form of reformatory steps that could be undertaken for awarding performance driven compensation.

Our discussions start with the amount of Superintendent’s compensation. Governor Cuomo of New York, as reported (restated here for convenience) in New York Times said (referring to School District Superintendents):

I understand that they sometimes have to manage budgets, and sometimes the budgets are difficult,” “But why they get paid more than the Governor of the state I really don’t understand.” He further stated “We have $500,000 school Superintendents...We can’t pay those kinds of salaries” (Kaplan, 2011).

While the governor commented on superintendent salaries a more complete term for remuneration is compensation, which includes salaries. Compensation is the term used in this chapter.

There are several issues that are inherent in his query. We identified several factors that make the compensation analysis not so simple and easy. We address the issues sequentially.
School District Superintendent Compensation- Transparency

We begin with the first issue, the most fundamental, that makes the task of compensation analysis difficult- Transparency. Transparency is always good. It gives the stakeholders in an organization a voice in the matters such as compensation that needs to be awarded. Transparency of operations and monetary expenditures of an organization (unless it jeopardizes health, safety and welfare of citizens, wildlife and the environment and) especially in a public organization allows a taxpayer to obtain information in order to make informed decisions regarding spending taxpayer dollars and operations. To illustrate the significance of transparency in an organization we import the implications of compensation transparency from the private sector. Through newly enacted laws, mainly Dodd–Frank Act (Public Law, 2010), discussed below, the private sector is legislatively mandated to disclose compensation. This disclosure mandate has yielded fruitful results for the stakeholders /shareholders of well-known companies. The excessive executive compensation dispensation was stanched for Chipotle (Jargon, 2014), Citibank (Silver-Greeberg, 2012), Oracle (Goldman, 2013). Shareholders of these well-known privately funded companies vetoed excessive compensation once they became aware of it.

But alas, the compensation amounts and its terms of school district superintendents, save recent efforts, are opaque; unless investigated by the media (McDonald, 2013). These are partial potential answers to Governor Cuomo’s query- there is lack of transparency and the taxpayers are not even aware of the amount paid out to the superintendent and further, there is lack of accountability of school district educational performance. Even the 2014 study and analysis
conducted by American Association of School Administrators points out that 63% of superintendents who responded to a survey reported that the outcome of their performance is not made public (ASSA, 2014; Appendix 5). Further Riley expresses “Lack of transparency in adopting public worker wages and benefits has been truly startling” (Riley, 2012, p.xvii). Riley also points out that full disclosure is masked. Because of “fiscal illusion” the true costs are not revealed (Riley, 2012, p85 citing Norcross, 2010, 2011). As Peter Drucker famously said “if you can’t measure it you can’t manage it”. Carrying his statement further we, the authors, believe that you can’t control exorbitant compensation awards, let alone managing, if you do not even know about it.

Further implications of lack of transparency consider this: Centinela school district superintendent’s compensation in 2013 was $663,000 for being an administrator of about 6600 students. Really? There is no typo here. How can that be? These are public taxpayers’ dollars. The school district residents were not aware of the exorbitant compensation; it took a scandal to expose the compensation amount (CBS, February 2014; CBS, March 2014). Centinela school district is not in some remote area it is in Los Angeles County and serves suburbs of Hawthorne, Lawndale and Lennox. One of the reasons the school district superintendents compensation and duties were not scrutinized is because the data is just not available - hidden from the public. What is there to hide? There is lack of transparency, accountability; and there is lack of availability of complete repositories of public compensation and expenditures.

The taxpayers are generally not aware of the substantial and in some cases excessive compensation of a school district Superintendent. How can that be? The primary reason is that the public taxpayer funded compensation of Superintendents is hidden from the public-transparency of compensation, duties and responsibilities is woefully lacking. Some states such
as Nevada and California have started through a state sponsored portal to provide the total compensation of public employees including Superintendents. Other states have limited public compensation information and are not very usable and user friendly. Most states do not provide any compensation of school district Superintendents; it seems from the states’ viewpoint the compensation disclosure is sacrosanct. Compensation figures become public as a result of some scandal or investigative reports by journalists (McDonald, 2013; Pickle, 2010) often using Freedom of Information Act (Federal Register, 2015) to obtain the information that should be public in the first place. In the environment of state deficits, less tax dollars because of constrained consumer spending declining or flattened demand for owner housing it is imperative that disclosure of school district Superintendents’ their duties and accountability metrics be disclosed publically. New Jersey Governor recognizing the high salaries of Superintendents imposed a cap on the compensation of the school district Superintendents (Kaplan, 2011). As of this writing that law is being debated and efforts to overturn it has passed one house of the New Jersey. The legislation has yet to go through the second house and then finally for signatures of the Governor who imposed the salary caps in the first place. The outcome of legislation is unknown at this time.

In order for public participation regarding their tax dollars, the current system needs to be reformed to allow complete transparency. There are no national security issues. The taxpayers should not have to rely on media reports or eruption of scandals to learn about their taxpayers dollars at work. Transparency should be routine and disclosure as a matter of law.

School District Superintendent Compensation- CEOs Of School Districts?
Second compensation issue: Superintendents are CEOs of school districts and, therefore, are entitled to very high compensation. This issue intertwines concepts of public v private companies (publicness), compliance with laws promulgated for the investor funded private company CEOs.

The following pronouncements echo through many school districts and highlight the CEO compensation issue:

"I know that's a sensitive issue," said Stuart Bennett, Georgia Association of Educational Leaders executive director, speaking of superintendents' compensation. "But it's a job with a lot of responsibility and a lot of pressure. Superintendents have a tremendous responsibility on them. They are CEOs" "People always talk about the salaries, but if you look, we're running a $200-million business with 3,000 employees and 120,000 students. It's a big job and a CEO position. It's comparable to any CEO position, added Martinson”. (Shuttleworth, (2010)-Doug Martinson is the outgoing president of the Huntsville (Alabama) school board).

It is to be noted that the befitting title used by American School Superintendents Association for school district administrators is “superintendent”. The inevitable question is: Are they akin to CEOs of investor funded public companies either because as self-classified or ascribed as CEOs by others?

Majority of private companies under CEOs leadership are company employees; majority of the size of school district under school district superintendent are students who are not employees. School district superintendents are public employees compensated by the taxpayers of the school district. Private company CEOs are compensated by investors in the private company. There are other significant differences; and different metrics and rules are needed in the public sector.
Public versus private companies have been compared—degree of publicness, - in literature but the theoretical frameworks predate the 2008 recession.

In any of the above approaches the authors cited above do not discuss the source of funding and actions one can take if he or she is not satisfied with the results that are to be delivered by the organization. In a public corporation which is privately funded the investor seeks a return on its investment (dividends) and growth in the value of the stock. In the event the investor is not satisfied with the results he or she can withdraw the investment and depending upon the percentage of the company one owns even seek removal of CEO. In contrast, the taxpayer who funds the compensation of the school district superintendent has no choice except to move from the school district- an impractical option. The taxpayers must pay taxes to fund the school superintendent regardless of the educational outcome of the school district.

The 2008 recession and its aftermath has fostered and precipitated a new norm which has significant consequences in terms of sources and amount of funding. Enhanced scrutiny of privately funded companies is one such result of the new norm. Scrutiny of public funds expenditures cannot be far behind given that most of the states, if not all, have deficits and underfunded pension liabilities.

Other macro contrasting differences between private and public organizations are applicability of several strict Securities and Exchange Commission laws and regulations to wit: Sarbanes Oxley act and Dodd’s Frank Act. (Appendix 7) These strict scrutiny laws are applicable to privately funded companies. These laws do not apply to public organizations such as school districts. Moreover, the private company CEOs task is to increase shareholder value and increase profits. The school district superintendent task, a public interest task, is to deliver good educational
outcomes for student enrollees who will provide meaningful contributions to the society. Other than being lead administrators in their respective organizations school superintendents are not CEOs within the same meaning as private company CEOs. Different metrics and indicators are required for evaluation of a school district superintendent compensation, performance-educational outcomes and the system policies that will inevitably follow.

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Superintendents are not subject to any of these and other public laws governing publically traded companies. Performance of publically traded companies is public information. The new proposed regulation of April 29, 2015 takes another step for enhanced disclosure of performance- accountability of the Chief Executive Officer. By contrast, according to 2014 study by American Association of School Administrators, only 36% of the Superintendent’s performance evaluations are made public (Appendix 5). Never mind Superintendent’s compensation- to- performance metric. Further comparison disassociation to ponder: publically traded companies are funded by investors; school districts are funded by taxpayers.

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Besides dealing with budgets and executing administrative tasks in fulfillment of his/her duties, a step in reform of his/her duties the superintendent needs to consider and incorporate into his/her school system the changing demographics of United States( Appendix,3; Appendix 4). Demographics of United States and the student’s characteristics who attend K-12 have changed and are changing. The current students who are attending the schools are defined as Millennials also known as Gen Y (even though there is no absolute definition consensus) and following Gen X. Both Gen Y and Gen Z( Appendix 3; Appendix 4) population is about 24% each of the total U.S. population of estimated at 319 million. Both these generations grew up with the internet and they are connected with technology- requiring a change in itself to the teaching methods. There is are estimated 4.4 million students who are termed as English language learners( ELL) and
estimated 3.0 million students with learning disabilities termed as LD. The demographic changes require a reform in the teaching methods, reformed curriculum- all part of the superintendent duties for which the superintendent is being compensated.

The superintendent deals with budgets- acknowledged. However, the superintendent should make adjustments with changing revenues and expenditures. Adjustments rarely occur; several school districts run on deficits. School district superintendent’s tasks are challenging. To be sure the public School district superintendent, as the head school administrator, fulfils an important role in our society as discussed in ESMC.

School District Superintendent Compensation- How Are They Paid?

The third compensation query is: For all their efforts how much they should be paid? We look at what is the current methodology and what should be the basis of compensation.

What methodology is currently used to pay the school district superintendent? Public vs Private companies?

By custom and practice basis of school district superintendent compensation is -a dogma-benchmarking- which in simple terms means compensation is based upon what other similarly situated superintendents make. This basis is not immutable and it is an opportunity to bring to fore innovative concepts for determining compensation that can lead to positive changes in performance and leadership.

We do not begrudge the compensation earned by school district superintendents to the extent they deliver through their leadership and organizational skills the educational results for which
they were hired. The chapter is not an attack on the compensation of school district superintendents, rather a presentation of innovative methods for equitable compensation and responsible use of taxpayers’ dollars that fosters the desired and needed educational outcomes.

Benchmarking is a tool that was developed by Xerox in 1980’s to improve performance of warehousing activities—differences from its peers with respect to physical characteristics (sizes, shape, and weight) (Yasin, 2002). Benchmarking looks to its industry to benchmarks—comparison with its peers—to implement in its operating environment. Benchmarking was initially not really designed for awarding compensation, but is used now as a basis for school district superintendent compensation and CEOs of privately funded public companies (Laschever, 2013). Benchmarking does not take into account the performance of a school district, at least from the information that is generally available. According to Education week—Quality counts 2015: State report cards for all states - The US average was a grade of C with Nevada receiving a grade D and New York receiving a B-. Because of lack of transparency and performance metrics benchmarking is currently adopted as least resistant and expedient methodology to award compensation to public school district school superintendents and some CEOs of privately funded- investor funded-public companies. Indeed, Public School District superintendents have classified or have caused to classify their titles as akin to CEO’s of privately investor funded companies.

As to the argument to attract qualified administrators the school district need to offer comparable immense salaries—consider the situation in New Jersey. After the New Jersey Governor imposed a cap on Superintendent’s compensation to be the same as the Governor’s compensation several Superintendents left the state for adjoining states seeking higher compensation. In some cases the Superintendents collect pension from New Jersey and compensation from their new job. The
New Jersey school districts found replacements for its school districts. It is general belief that given adequate exposure of a concrete job description, transparent compensation through advertising by a school district seeking a Superintendent it is very likely that able and qualified men and women with advanced administrative skills would answer the call to serve as a school district Superintendent.

Conclusion: Compensation Of School District Superintendent Versus A CEO Of Private Company, And Benchmarking.

From overwhelming considerations from source of funding, applicability of recent laws and regulations, role of an public school administrator, accountability, transparency, mechanisms for replacement of administrators’ it can be concluded that the public school district superintendent are not akin to CEOs of investor funded companies and the compensation of school district superintendents should not be based upon benchmarking.
APPENDIX 9-1
(numbered 3-1 in text)
APPENDIX 9-2

( numbered 3-2 in text)
APPENDIX 9-3

(numbered 3-3 in text)

\[
\hat{Y}_{\text{Compensation}} = X_{\text{Enrollment}} (b_1) + X_{\text{gender}} (b_2) \\
+ X_{\text{teacher pay}} (b_3) + X_{\text{teacher-pupil ratio}} (b_4) \\
+ X_{\text{graduation rate}} (b_5) + X_{\text{EL enrollment}} (b_6) \\
+ X_{\text{LD enrollment}} (b_7) + X_{\text{achievement}} (b_8) + a
\]
$R = \sqrt{r_{yx_1}^2 + r_{yx_2}^2 - 2r_{yx_1}(r_{yx_2})(r_{x_1x_2})}
\sqrt{1 - r_{x_1x_2}^2}$
APPENDIX 9-5

( numbered 3-5 in text)

NORMAL DISTRIBUTION

\[
y = \frac{1}{\sqrt{2\pi}} e^{-\frac{(x-\mu)^2}{2\sigma}}
\]

\(\mu = \text{Mean}\)
\(\sigma = \text{Standard Deviation}\)
\(\pi \approx 3.14159\)
\(e \approx 2.71828\)
APPENDIX 9A -1

( numbered 3A-1 in text)

Are Public School Superintendents Akin To CEOs Of Investor Funded Public Companies?

The Education System

There is general agreement among economists, U.S Federal Reserve, and researchers that education leads to access to economic opportunities, higher standard of living, upward mobility, economic security, better nutrition, health care and less dependence upon government assistance programs. (Berger & Fisher, 2013; Yellen, 2014,Bovino, 2014).

But there is a problem. All the viewpoints of the commentators cited above and others sharing the same view are good and are valid but they do not address the key role of the chief protagonist in the education system- the public school district superintendent who is ultimately responsible for guiding the district, implementing programs that produce the outcomes the public schools are chartered, by the taxpayers of the district, to deliver.

Generally in formative years children attend primary and secondary schools and are under the guardianship of their parent(s). Foundation of citizens’ contributions to society begins with education when one enters kindergarten and progresses through high school. These schools are located in school districts within areas where the children and parents reside. The school district superintendent has important responsibilities and duties. It is he/she who oversees the basic
building of educational foundation of citizens by creating an educational conducive environment and delivering through teachers and principals quality education to the student enrollees.

The education business in United States is a leviathan. The United States federal government spends $619 billion dollars on education (National Center for Education Statistics (n.d.) Projections, Appendix 8). For public school system there are 98, 454 public schools, 13, 515 school districts and about 41 million students are enrolled in K-12 grades. Other facts to wit: number of teachers about 3.5 million, number of principals about 115,540 (National Center for Education Statistics, n.d., Tables).

The raison d’etre of a public school district superintendent’s is to create a conducive academic environment and to deliver quality academic education funded by taxpayers to current and changing demographics.

Education System- Public School District Superintendent.

To illustrate the significance of the education system and use as a model to suggest reform the authors have developed an Efficacious, Sustainable Model Cycle (ESMC)- within a crucial component- education ( Appendix 1). Understanding the model vis-a- vis education system highlights the importance of education especially in the formative years- primary and secondary school education. ESMC model can be summarized as follows: good schools produce educated workforce which are needed by the industry and businesses. Businesses and industry will locate near an area that is a well of good productive educated workforce. In the process of hiring good workers industry and businesses create jobs which allow employees to purchase goods and services and housing. Employees, industry and businesses pay more taxes into the state exchequer which can in turn provides funds for necessary state services and assistance programs.
for its citizenry, the needy and infirm. Receipts of increased funds are in turn allocated to the school districts headed by school district superintendent. The ESMC cycle continues. To be sure the ESMC as described above is depicted under ideal conditions. The ESMC is subject to recessions, tight monetary policies, fluctuations in consumer’s demands and adverse government policies and regulations and other vagaries. The chief protagonist in the education system is the public school district superintendent.

With respect to the public school district superintendent consider the following comments:

“The 2015 summative grades are based on three key indices …the nation as a whole earns a C grade, with a score of 74.3 out of 100…” (Education Week, 2015, Appendix 5).

And:

“I understand that they sometimes have to manage budgets, and sometimes the budgets are difficult,” he said. “But why they get paid more than the governor of the state I really don’t understand. “We have $500,000 school superintendents,” he told reporters after his appearance in Purchase. “We can’t pay those kinds of salaries.” (Kaplan, 2011 citing NY governor A.M. Cuomo). Besides Mr. Cuomo New Jersey governor also focused on school administrators’ salary by imposing a salary cap of $175,000. (Kaplan, 2011)

If that is not enough for one to conclude that some type of reform is needed the following excerpt from the National Center of Education Statistics should underscore the need for reform:

“In 2013, young adults (ages 25-34) with a bachelor's degree earned more than twice as much as those without a high school credential ($48,500 vs. $23,900) and 62 percent more than young
adult high school completers ($48,500 vs. $30,000)”. National Center for Educational Statistics May 2015, Appendix 2).

What is going on? Disparity in incomes of high school graduates, dropouts, overall education grades earned by a State, high salaries of public school district superintendent funded by taxpayers. Surely, something is amiss and reformatory steps are needed; at least in the education system for an ideal ESMC. In this chapter the words change and reform are used interchangeably. Education reform is a very vast subject and to address all aspects of it is beyond the scope of this chapter. This chapter hones in on a crucial aspect of education reform-the public school district superintendent, more specifically compensation of the district superintendent. Reform is generally instituted through a leader under whose tutelage the organization performs or does not perform. One method of requiring the desired performance is directing a leader’s attention through his/her compensation. Compensation is a great motivator.

It is general belief that a person is amply rewarded for good performance. Good compensation is an important factor in attracting and retaining talent and catalyst for desired performance. What should be the compensation or remedies if there is no or de minimis performance by existing actors. Alternatively we could ask: Are we getting our monies worth? In this chapter we focus on school district superintendent’s compensation because the superintendent has a key role in the education system, as described by the ESMC, and compensation is generally a determinative factor in eliciting good performance or in this case is it?

Analysis of district superintendent compensation is not clear cut and easy because information is not available (Ehrenberg, 1988) or is masked from public scrutiny; even though public school superintendents are paid by tax dollars of the residents residing in the school

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district. The task is difficult because of lack of transparency, lack of details of their compensation, lack of accountability and yet classifying themselves as akin to CEOs without any requirements to comply with myriads of laws and regulations that CEOs of private companies funded by investors have to comply with. The compensation of school district superintendent is the key area in the education system that urgently needs reform.

What are the issues and how should they be addressed to bring about a reform that aligns with the ESMC? We now turn to address these issues and conclude the chapter by providing recommendations in the form of reformatory steps that could be undertaken for awarding performance driven compensation.

Our discussions start with the amount of Superintendent’s compensation. Governor Cuomo of New York, as reported (restated here for convenience) in New York Times said (referring to School District Superintendents):

I understand that they sometimes have to manage budgets, and sometimes the budgets are difficult,” “But why they get paid more than the Governor of the state I really don’t understand.”

He further stated “We have $500,000 school Superintendents...We can’t pay those kinds of salaries” (Kaplan, 2011).

While the governor commented on superintendent salaries a more complete term for remuneration is compensation, which includes salaries. Compensation is the term used in this chapter.

There are several issues that are inherent in his query. We identified several factors that make the compensation analysis not so simple and easy. We address the issues sequentially.
School District Superintendent Compensation- Transparency

We begin with the first issue, the most fundamental, that makes the task of compensation analysis difficult- Transparency. Transparency is always good. It gives the stake holders in a voice an organization in the matters such as compensation that needs to be awarded. Transparency of operations and monetary expenditures of an organization (unless it jeopardizes health, safety and welfare of citizens, wildlife and the environment and) especially in a public organization allows a taxpayer to obtain information in order to make informed decisions regarding spending taxpayer dollars and operations. To illustrate the significance of transparency in an organization we import the implications of compensation transparency from the private sector. Through newly enacted laws, mainly Dodd –Frank Act (Public Law, 2010), discussed below, the private sector is legislatively mandated to disclose compensation. This disclosure mandate has yielded fruitful results for the stakeholders /shareholders of well-known companies. The excessive executive compensation dispensation was stanched for Chipotle (Jargon, 2014), Citibank (Silver-Greeberg, 2012), Oracle (Goldman, 2013). Shareholders of these well-known privately funded companies vetoed excessive compensation once they became aware of it.

But alas, the compensation amounts and its terms of school district superintendents, save recent efforts, are opaque; unless investigated by the media (McDonald, 2013). These are partial potential answers to Governor Cuomo’s query- there is lack of transparency and the taxpayers are not even aware of the amount paid out to the superintendent and further, there is lack of accountability of school district educational performance. Even the 2014 study and analysis
conducted by American Association of School Administrators points out that 63% of superintendents who responded to a survey reported that the outcome of their performance is not made public (ASSA, 2014; Appendix 5). Further Riley expresses “Lack of transparency in adopting public worker wages and benefits has been truly startling” (Riley, 2012, p.xvii). Riley also points out that full disclosure is masked. Because of “fiscal illusion” the true costs are not revealed (Riley, 2012, p.85 citing Norcross, 2010, 2011). As Peter Drucker famously said “if you can’t measure it you can’t manage it”. Carrying his statement further we, the authors, believe that you can’t control exorbitant compensation awards, let alone managing, if you do not even know about it.

Further implications of lack of transparency consider this: Centinela school district superintendent’s compensation in 2013 was $663,000 for being an administrator of about 6600 students. Really? There is no typo here. How can that be? These are public taxpayers’ dollars. The school district residents were not aware of the exorbitant compensation; it took a scandal to expose the compensation amount (CBS, February 2014; CBS, March 2014). Centinela school district is not in some remote area it is in Los Angeles County and serves suburbs of Hawthorne, Lawndale and Lennox. One of the reasons the school district superintendents compensation and duties were not scrutinized is because the data is just not available - hidden from the public.

What is there to hide? There is lack of transparency, accountability; and there is lack of availability of complete repositories of public compensation and expenditures.

The taxpayers are generally not aware of the substantial and in some cases excessive compensation of a school district Superintendent. How can that be? The primary reason is that the public taxpayer funded compensation of Superintendents is hidden from the public - transparency of compensation, duties and responsibilities is woefully lacking. Some states such
as Nevada and California have started through a state sponsored portal to provide the total compensation of public employees including Superintendents. Other states have limited public compensation information and are not very usable and user friendly. Most states do not provide any compensation of school district Superintendents; it seems from the states’ viewpoint the compensation disclosure is sacrosanct. Compensation figures become public as a result of some scandal or investigative reports by journalists (McDonald, 2013; Pickle, 2010) often using Freedom of Information Act (Federal Register, 2015) to obtain the information that should be public in the first place. In the environment of state deficits, less tax dollars because of constrained consumer spending declining or flattened demand for owner housing it is imperative that disclosure of school district Superintendents’ duties and accountability metrics be disclosed publically. New Jersey Governor recognizing the high salaries of Superintendents imposed a cap on the compensation of the school district Superintendents (Kaplan, 2011). As of this writing that law is being debated and efforts to overturn it has passed one house of the New Jersey. The legislation has yet to go through the second house and then finally for signatures of the Governor who imposed the salary caps in the first place. The outcome of legislation is unknown at this time.

In order for public participation regarding their tax dollars, the current system needs to be reformed to allow complete transparency. There are no national security issues. The taxpayers should not have to rely on media reports or eruption of scandals to learn about their taxpayers dollars at work. Transparency should be routine and disclosure as a matter of law.

School District Superintendent Compensation- CEOs Of School Districts?
Second compensation issue: Superintendents are CEOs of school districts and, therefore, are entitled to very high compensation. This issue intertwines concepts of public v private companies (publickness), compliance with laws promulgated for the investor funded private company CEOs.

The following pronouncements echo through many school districts and highlight the CEO compensation issue:

"I know that's a sensitive issue," said Stuart Bennett, Georgia Association of Educational Leaders executive director, speaking of superintendents' compensation. "But it's a job with a lot of responsibility and a lot of pressure. Superintendents have a tremendous responsibility on them. They are CEOs" "People always talk about the salaries, but if you look, we're running a $200-million business with 3,000 employees and 120,000 students. It's a big job and a CEO position. It's comparable to any CEO position, added Martinson". (Shuttleworth, (2010)-Doug Martinson is the outgoing president of the Huntsville (Alabama) school board).

It is to be noted that the befitting title used by American School Superintendents Association for school district administrators is “superintendent”. The inevitable question is: Are they akin to CEOs of investor funded public companies either because as self-classified or ascribed as CEOs by others?

Majority of private companies under CEOs leadership are company employees; majority of the size of school district under school district superintendent are students who are not employees. School district superintendents are public employees compensated by the taxpayers of the school district. Private company CEOs are compensated by investors in the private company. There are
other significant differences; and different metrics and rules are needed in the public sector. Public versus private companies have been compared- degree of publicness, - in literature but the theoretical frameworks predate the 2008 recession.

In any of the above approaches the authors cited above do not discuss the source of funding and actions one can take if he or she is not satisfied with the results that are to be delivered by the organization. In a public corporation which is privately funded the investor seeks a return on its investment (dividends) and growth in the value of the stock. In the event the investor is not satisfied with the results he or she can withdraw the investment and depending upon the percentage of the company one owns even seek removal of CEO. In contrast, the taxpayer who funds the compensation of the school district superintendent has no choice except to move from the school district- an impractical option. The taxpayers must pay taxes to fund the school superintendent regardless of the educational outcome of the school district.

The 2008 recession and its aftermath has fostered and precipitated a new norm which has significant consequences in terms of sources and amount of funding. Enhanced scrutiny of privately funded companies is one such result of the new norm. Scrutiny of public funds expenditures cannot be far behind given that most of the states, if not all, have deficits and underfunded pension liabilities.

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Conclusion: Compensation Of School District Superintendent Versus A CEO Of Private Company, And Benchmarking.

From overwhelming considerations from source of funding, applicability of recent laws and regulations, role of an public school administrator, accountability, transparency, mechanisms for replacement of administrators’ it can be concluded that the public school district superintendent are not akin to CEOs of investor funded companies and the compensation of school district superintendents should not be based upon benchmarking.
APPENDIX 9A -2

(numbered 3A-2 in text)

Is There A Relationship (Correlation) Of School Parameters/Outcomes With The Compensation Of A Public School District Superintendent?

Hypothesis: There is a correlation between school performance parameters and school superintendent compensation.

Article Title: Why choose correlation as a paradigm for superintendent compensation?

Before the determinants for superintendents compensation are discussed this article reviews the current state and methodology- benchmarking- of superintendents compensation. This review also includes whether the superintendents are akin to privately funded CEOs of investor funded companies as many superintendents claim based upon enrollment.

Correlation as a paradigm for superintendents compensation

Education workforce is a product of good schools. Schools outcomes are to “cultivate” generation of productive knowledge workers” (Hannay, 2013). Productive knowledge workers mean educated workforce that is the students have knowledge and skills that can be translated into jobs. Knowledge and skills include the basics of education- ability to read and write and have knowledge of math and science. The process starts at the elementary and secondary level and the most important stage in the pre –college educational process. (Raymond, 1968).
Knowledge and skills are what the employers need and what they screen the potential employees. Appendix 1- Efficacious Sustainable Model Cycle (ESMC) shows the impact of educated workforce in a society and welfare of the citizens. School district superintendent as the head administrator is charged with the responsibility for quality of education. The school district educational outcomes rest with district superintendent. Superintendent’s compensation should be based upon delivering the outcomes he/she is chartered to do. But the question is what determinants or parameters and methodology should be used in determination of the school district outcome of quality education. We discuss these parameters in this article.

Appendix 1 and Appendix 2 provide the authors for this article suggested determinants or parameters that should be considered for a school district superintendent compensation. Various other authors in literature have suggested parameters for quality education to wit: teachers’ salaries, school systems paying higher salaries procure the best teachers and thereby the best instruction, student – teacher ratio, current expenditures per pupil (Raymond, 1968; Kelly & Orris, 2011 ;).” Kelly & Orris (2011) state that their “study is an analysis of public education accountability using the constructs developed in the accounting literature” and further states that:

[T]wo of the outcomes that should be measured is student achievement and participation. Achievement includes students’ “knowledge, understanding, and use of concepts and skills” and participation refers to student engagement (Shavelson et al., 1987, p.17).

Fundamental to successful student performance is retention in school and academic success which permits graduation (Porter, 1993).

Effectiveness addresses the relationship between teaching and learning; that is, the relationship between outputs and outcomes. Effectiveness measures include student/teacher ratio “which is
frequently used as a proxy measure for class size” (U.S. Dept. of Education, 2006, p. 78) as well as various staff relationships. Few would argue with the notion that as the student/teacher ratio declines, teaching effectiveness rises because of the premise that more teacher attention can be directed to each student. (Kelly & Orris, 2011)

Other outcomes suggested by Kelly & Orris (2011) are attendance rate (participation indicator), graduation rates (indication of achievement and participation) “and the percentage of students meeting academic standards under statewide testing for educational progress.”

The traditional parameters listed above by authors are not sufficient for correlating them to the superintendent’s compensation. There are challenges for parameter determination as listed below. School superintendent is at the apex of policy decisions and the education quality as an outcome is paramount. Superintendent’s compensation should be keyed to the impacts of inevitable challenges.

Economy

The great recession had a devastating effect on US economy- lower tax collections. The unemployment had reached 10% (Driscoll & Salmon, 2013); in some areas the unemployment was even higher (U.S. Bureau of Labor Statistics. (2012). Spotlight on Statistics of the Recession of 2007–2009). “Funding per pupil, and at a time when the school age population was the highest, 49 states reduced state appropriations to public elementary and secondary education for at least one fiscal year( Driscoll &Salmon, 2013)... In 2011, the United States spent $11,841 per full-time-equivalent (FTE) student on elementary and secondary education, an amount 35 percent higher than the OECD average of $8,789. At the postsecondary level, U.S. expenditures per FTE student were $26,021, almost twice as high as the OECD average of $13,619. (National
Center for Educational Statistics. (n.d.): Education Expenditures by Country. Clearly then the economy should be one of the parameters that need to be considered for superintendents compensation and is shown in the appendix 2 along with other compensation determinant parameters.

Demographics

There are two aspects of demographics that the school districts will have to consider in serving the student population. One of them is the population group generation Y and generation X characteristics. This group as provided in appendices 2 and 3. Together they represent 48% of the U.S population of approx. 319 million (U.S. Census Bureau n.d. Fast Facts USA, State and County). These generations were and are being raised in the internet age. They are connected with their electronic devices - mobile phones, tablets and social media. Changes in curriculum and incorporation of technology in teaching methods and facilities are warranted. The second aspect of demographics is increasing diversity - measured by race, ethnicity and income - in U.S population. (Driscoll & Salmon, 2013). Hispanics are experiencing the greatest growth rate of any race or ethnicity and predominantly composed of Hispanic children and youth. (Driscoll & Salmon citing US Census Bureau Population Projections). To address students who speak language other than English (English Language Learners) a different mix of teachers is needed. The other group is students with disabilities (LD students). In U.S. the number of ELL and LD students is not insubstantial and their numbers are increasing.

The demographic changes and the mix affect the workforce. Appendix --- shows the education attainment of the labor force. It is evident from the chart that 30% the persons of Hispanic and the Latino ethnicity have less than high school diploma. (U. S. Bureau of labor Statistics, 2013).
Appendix --- shows employed people by occupation and race. The highest paying major occupational category is management, professional and related occupations. Hispanic and Latino comprise 21% of this occupational group compared to 49% for Asians and 39% for whites. It appears that the fastest growing group does not possess the knowledge and skills for the management and professional category. Based upon the model in appendix – and appendix - special efforts and resources have to be allocated to provide this group with education for them to participate in the highest paying job categories.

This study conducted correlation analysis for the data obtained from the school superintendents Association. Participants and Sample

Participants were a nationally representative sample of 1,284 school district superintendents. Of those who provided demographic information, 972 were male and 284 were female, with the majority of participants (939) being between 41-60 years old. With respect to ethnic makeup, the majority of respondents were White (1,167), followed by Black (32), Hispanic (23), American Indian/ Alaska Native (12), and Pacific Islander (3). The average enrollment of the school districts in which these superintendents governed was between 2,500 to 9,999 students. The average salary for superintendents was $130,438 (SD = $40,025). The average teacher salary was $36,713 (SD = $6,617), with the average principal salary was $93,422 (SD = $28,201). The average operating budget for these districts was $244,859,531 (SD = $15,000,000). The average graduation rate across all districts was approximately 79% (SD = 6.72%). Finally, the average years of experience for these superintendents were between 5-12 years.

Data Sources
Data were secondary in nature and were obtained from the School Superintendents Association (AASA). Data were available from fiscal years 2010-2011 to 2012-2013. As discussed previously, not all respondents completed all items, and hence, there were some missing data. However, for all variables involved, only complete data were used for analysis.

Procedures

Approval from the IRB was obtained prior to data collection. After securing IRB approval, data were requested from AASA regarding superintendent’s salaries as well as other pertinent demographic information as well as characteristics of the school districts in which the superintendents worked. Data were then analyzed after being acquired from AASA to answer the research questions.

Data Analysis

All data were screened for univariate outliers according to the procedures outlined by Tabachnick and Fidell (2011) via the International Business Machine (IBM) Statistical Package for the Social Sciences (SPSS) Statistics 21. No extreme outliers that would otherwise undermine the trustworthiness of the data were detected. Data were first tested for univariate normality using histograms with the normal curve overlay and skewness and kurtosis statistics. Furthermore data were evaluated for assumptions including multicollinearity, homoscedasticity, linearity, and homogeneity of variance. All of the aforementioned assumptions were met, and thus, data analysis proceeded as planned.

A series of ordinary least squares (OLS) regressions were conducted to answer the second research question. In all regression models, superintendents salaries served as the criterion and per pupil expenditure, graduation rates, economic condition of the state in which the school
district was located, performance evaluations, and teachers’ salaries, among others, served as predictors.

RESULTS

Interestingly, only the economic condition of the state in which the district is located \((b = 5.37 \ [CI95\% = 2.96, 7.77], \beta = .43)\) significantly predicted superintendents salary, \(F(2,20) = 18.01, p = .001, R^2 = .61\), indicating that the better the economic conditions of the state, the higher the superintendents salaries, regardless of other key indicators such as performance. Similar results were found in the next regression model, in which only age \((b = 2.40 \ [CI95\% = 1.10, 3.70], \beta = .38)\) and operating budget \((b = 10808 \ [CI95\% = 4016, 17601], \beta = .58)\) significantly predicted salaries, \(F (3, 19) = 21.36, p = .001, R^2 = .74\). As with the previous model, older superintendents had higher salaries than younger ones; also, salaries were higher in districts with higher operating budgets. It is noteworthy that enrollment \((b = 3452.71 \ [CI95\% = 1420.10, 5485.33], \beta = .50)\) was a significant positive predictor of salary, \(F (1, 34) = 11.91, p = .002, R^2 = .24\), albeit weak. Districts with higher enrollments tended to pay superintendents more than districts with lower enrollment numbers. Finally, when graduation rate \((b = -1103.41 \ [CI95\% = -2191.34, -15.48], \beta = -.31)\) was added to the regression model, it was actually a negative predictor of salary, \(F (2, 30) = 8.01, p = .002, R^2 = .08\). This indicates that districts with higher graduation rates actually tend to pay superintendents less than districts with higher graduation rates, which is counterintuitive.

Conclusion

Taken together, these results suggest that factors that are considered “common sense” predictors of superintendents salary such as graduation rate, per pupil expenditure, performance,
and teachers’ salaries are not truly predictive and, in the case of graduation rate, is actually against the expected direction (i.e., negative as opposed to positive predictor). Therefore, there is a need to devise a new method to determine superintendents’ compensation that is evidence-based.
CURRICULUM VITAE

ASHOK EM SUDHAKAR ESQ., P.E., D.E.E., C.G.C.

SUMMARY: Pursue projects that utilize my knowledge in business, law, construction, multi- disciplinary engineering, environmental law, procurement process for private and governmental entities, policy, legislative process, domestic and international business, patents, contracts administration, negotiations and analyses.

QUALIFICATIONS: A proven experienced and knowledgeable team player focused on costs, budgets, schedule, quality and increasing the bottom line of the company/ entity and implementing the company’s/ entity’s goals and objectives. Possess a thorough understanding of commercial general conditions, liability provisions, indemnity provisions, insurance requirements and policy implications; incorporates background in legal, engineering, construction and financial aspects of a business.

PROFICIENCIES:

● Excellent oral/written communication skills
● Strong decision making/problem solving skills
● Effective Planner / prioritizing
● Exemplary Interpersonal skills/ team player
● Effectively work with government agencies and regulators.

PATENTS AND TRADE MARKS

Granted U.S. Patent for a Green product for maintenance of road and highways infrastructures.
Granted U.S. Patent for protection of digital identity and personal and corporate data stored on a mobile phone in the event the mobile phone is lost or stolen.
Granted two U.S design patents for a children’s electronic tablet and automatic napkin roller machine
Six (6) patents pending
Granted five (5) US Trade Marks
Four (4) Trademarks pending
EDUCATION

B.TECH, Indian Institute of Technology, Delhi, India
M.S., Engineering, University of California, Berkeley, California, USA
J.D., Law Degree - Golden Gate University, San Francisco, California, USA
Certificate, Spanish 1, 2 - Dartmouth College, New Hampshire, Rassias Foundation, Hanover, USA
Certificate, Credit Analysis, Equity Valuation, and Financial Reporting - North Western University Kellogg Graduate School of Management, Evanston, Illinois, USA
Ph.D. candidate, Department of Electrical and Computer Engineering, University Of Nevada, Las Vegas, USA
Ph.D. candidate School of Environmental and Public Affairs, Workforce development and organization Leadership, University Of Nevada, Las Vegas, USA

HONOR SOCIETIES

PHI KAPPA PHI
TAU BETA PI NVB

AWARDS & HONORS

National Society/ California Society of Professional Engineers.
Trial Lawyers Association of America.
Bechtel Corporation, San Francisco, California

University of Las Vegas- Outstanding Graduate Assistant Teaching Award.

CERTIFICATIONS AND PROFESSIONAL LICENSES

Admitted to United States Supreme Court
Admitted to Supreme Court of Commonwealth of Pennsylvania
Admitted to United States Court of Appeals for the Third Circuit
Admitted to United States District Court for Eastern District
Diplomate, the American Academy of Environmental Engineers
Licensed Professional Engineer in the State of California
Licensed Professional Engineer in State of Pennsylvania
Licensed General Contractor in State of Florida (Certified General Contractor)
Licensed General Contractor in the Commonwealth of Virginia
Licensed General Contractor in the State of California (Heavy construction, Electrical, Low Voltage, Building, Environmental Remediation, Asbestos, Traffic Controls, Masonry, Concrete and Landscaping)

SPECIAL EXPERTISE

- Past Pennsylvania DER Certified Host Municipality Inspector (Hazardous Waste Facilities)
- Established the First Civilian UXO (Unexploded Ordnance) School in United States in conjunction with TEEX (Texas A&M University, College Station) and Sudhakar Company Inc. to train civilians for removal of UXO (Unexploded Ordnance). UXO removal has been and is traditionally performed by EOD US Government trained personnel. School approved and certified by United States Department of Defense (DDSB). Copyrighted Course materials prepared.

TEACHING AND INSTRUCTION

Lead Program Instructor - Environmental Law and Regulatory Compliance, Penn State University, Berks campus, Pennsylvania.
Instructor- Real Estate Investments - Temple University, Pennsylvania.
Graduate Instructor - UNLV - EGG 101, Engineering Experience. Developed and implemented a unique four component course for first year engineering students.

PUBLICATIONS/TECHNICAL PRESENTATIONS (selected)

- Penn State University, Berks Campus, Lead Instructor environmental engineering and environmental law
- Residual Waste lectures
- Environmental Laws & Regulatory Compliance Instructor,
- Temple University, Pennsylvania, (1985-1987), Real Estate Investments, Instructor
- Developed and provided instruction to about 50 students per quarter in real estate investment techniques; aspects included tax implications, financing, contracts, and real estate management
- Manufacturer’s Association – Clean Air Act
• Paper presentation -American Society of Civil Engineers, What are Hazardous Substances, Materials, Wastes Toxics and Pollutants?
• Committee reports for ACI (American 315 Concrete Details Committee)
• California Society of Professional Engineers – Nuclear Issues and Answers.
• Authored paper in Soils Magazine: What your mother never told you about petroleum exclusions.
• Guest Speaker at LIUNA (AFLCIO) conferences.
• Speaker Annual Berks County Bench Bar conference-Environmental Law.
• Reviewer of The Small Business Owner’s Guide to a Good Night’s Sleep, Preventing and solving chronic and costly problems, by Debra Koontz Traverso, Bloomberg Press
• Presenter at conferences and invited speaker at several organizations.
• Authored and presented peer reviewed paper “Collision of Technology and Privacy” at international conference in November 2013, Riyadh Saudi Arabia
• Co-Authored and presented a peer reviewed paper” Under Representation of Women in Stem- Do Early Childhood Experiences Matter? At First Year Engineering Experience conference.

WORK HISTORY

2008-2010 EAS Investment and Development; Chief of Operations
2008- Present Chandra Maurya Corporation, Chief of Operations

Developed and analyzed international markets for procurement of technology, equipment and services with an emphasis on developing long-term client relationships. Areas of emphasis includes, but not limited to, solar systems, water, and power and transportation infrastructures and security technologies including installation of ballistic resistant materials and ballistic resistant vehicles UAS and UAV’s. Interact with governmental agencies. Reviewed contracts, conducted proactive environmental compliance reviews, oversaw financial analysis, negotiations and resolution of possible contract conflicts and liabilities prior to execution. Responsible for several International projects in various stages of execution.

Developed and commercialized software (Granted US patent) for Android OS based mobile devices. Inventor developed and manufactured unique products for advertising industry and special equipment for special operations of Law Enforcement.

1989 - 2009 Sudhakar Company International; COO

Lead for increasing sales from USD 1 million to 24 million dollars in10 years. Captured 35 % of market share of infrastructure markings. Developed and instituted procedures, policies, controls and methodologies and environmental compliance that established the company as the market
leader in transportation infrastructure markings. Developed workflow processes, office and project controls from contract award through execution and final payment. Review and oversaw the preparation and execution of contracts and purchase orders resulting in proper use/management of finances. Provided training to personnel in establishing priorities, planning, communications, documentation and contract provisions with special emphasis on insurance, indemnity liability and payment provisions. Created, developed a unique labor leasing program with agreements by labor unions to assist employers and potential employees.

1985 – 1990 Sudhakar Company Inc.; Owner

Executed, and managed engineering and construction contracts predominantly for the Department of Defense, and other US Federal agencies. Effectively managed and supervised all staff members and administrative office functions; and processed funds; screened and scheduled applicant appointments; successfully resolved client complaints /concerns which significantly increased revenue by 25% over a 19 month period.

1973 – 1985 Bechtel Corporation, Contracts Manager/Engineer

Lead Contracts Manager as a part of Bechtel Business Development team for L-48 for Alaska Standard Oil project proposal. Prior positions in Bechtel Corporation included senior engineer, supervising engineer, procurement manager, senior construction engineer staff and project operations positions, Legal Assistant, for nuclear plants and fossil fuel plants, tasks and assignments in multi-disciplinary fields.