REPORT OF INVESTIGATION
August 29, 2018

Investigation was initiated on August 7, 2018, at the request of the Board of Education for Mesa County Valley School District 51 to determine the nature and cause(s) of the reported discrepancy between the actual cost of the Superintendent's reorganization of the District's administrative and support staff during the District fiscal year ending June 30, 2018, and the cost information previously provided to the Board of Education regarding such reorganization.

INTRODUCTION

The primary purpose of this inquiry was to examine the financial and personnel impact of the 2018-19 reorganization implemented by Superintendent Ken Haptonstall. This inquiry was initiated in response to an article published in the Grand Junction Daily Sentinel on July 21, 2018, titled "More administration, more pay after District 51 shake-up", by reporter Katie Langford. The article included a graphic titled "Big raises for District 51's top positions". The article cited a net cost to taxpayers of $1.2 million in salaries for top leadership positions for the 2018-19 school year and an increase of 9 positions compared to 2017-18. (Exhibit A)

In response to the article, District officials including the Superintendent and Board of Education, expressed their surprise at the information presented. Haptonstall and the Board collectively seemed to be unaware of the magnitude and adverse financial impact of the reorganization, and specifically challenged the $1.2 million dollar impact cited in the Daily Sentinel article. This investigation is intended to examine the process and clarify the costs associated with the 2018-19 reorganization.

Numerous individuals were interviewed during the course of this investigation, to include Superintendent Haptonstall, Board of Education members, faculty, staff, and administrators. A comprehensive review of relevant documentation was also conducted. All persons interviewed were requested to voluntarily provide information, and they agreed to do so.

BACKGROUND

Superintendent Haptonstall was hired in July 2017. During the course of his selection process, he described his strategic plan and vision for School District 51, which included an emphasis on the performance based learning model. He engaged with the Board of Education regarding implementation of his plan, including discussion of a substantial reorganization to support performance based learning that would include a reduction in the number of upper level administrators and an increase in resources and support for kids in the classroom. Haptonstall represented to the Board and stakeholder groups that his reorganization would result in a reduction in upper level administrative positions and "significant cost savings". (Exhibit B)

As noted throughout this report, Haptonstall was heavily involved and engaged in the reorganization process through direct discussions and meetings with members of the Human Resources Department, Compensation Oversight Committee, Finance Department, and the Board. Haptonstall admitted to underestimating the magnitude of the reorganization and acknowledged the accelerated timeline for implementation was problematic. However, his intention was to move forward aggressively based on his strategic vision to improve District 51 and implement the performance based learning model.

REORGANIZATION PROCESS

On January 9, 2018, Haptonstall rolled out his plan for reorganization to the Board and District employees in a public meeting. Haptonstall presented a document reflecting the new reorganization, which included job titles and alignment within the new organizational structure. (Exhibit C - updated to reflect names subsequently added; for reference purposes a copy of the 2017-18 organizational chart is provided as Exhibit D).

Factual Findings and Analysis:

Haptonstall incorporated minimal input from existing employees in formulating his new administrative reorganization. He established an overly ambitious and unrealistic timeline for implementation. (Exhibit E) After his plans for reorganization were presented, Human Resources (HR) was tasked with posting job descriptions within 3 days. There was limited opportunity for HR to provide input or fully discuss and analyze job descriptions. HR immediately raised a number of critical questions for Haptonstall based on their preliminary assessment of the positions under the reorganization. HR was responsible for defining roles and responsibilities, posting appropriate job descriptions and determining the salary structure for those positions. Because the jobs were uniquely envisioned and titled by Haptonstall himself, HR had difficulty creating appropriate job postings. As a consequence, many postings lacked detail, including no list of specific responsibilities and no salary information. Haptonstall felt pressure from the Board to implement the reorganization quickly and he did not think a phased approach would be effective. The process of the reorganization in terms of the impact on HR and resultant negative consequences was "too much too fast" according to multiple witnesses.

HUMAN RESOURCES DEPARTMENT

The Human Resources Department faced tremendous challenges during the course of the reorganization. In addition to their normal duties (typically posting 280 positions each Spring), they were responsible for analyzing and posting an additional 100 new positions in conjunction with the reorganization. The then-current Executive Director of Human Resources (Colleen Martin) was required to re-apply for her position under the reorganization, and was ultimately not selected for the position. In his previous role as the Superintendent for another district, Haptonstall had performed many of the traditional functions of HR, so he conveyed to staff that he had an understanding of HR processes and procedures.

Factual Findings and Analysis:

The decision by Haptonstall not to renew the contract of Colleen Martin had far-reaching consequences. Embarking on a massive reorganization without the leader of a key component was problematic. After not being selected for her position, Martin disengaged and her staff suffered from a lack of direction and leadership at a critical juncture in the reorganization process. A lack of cohesive leadership created internal tension coupled with a lack of critical oversight and direction. Haptonstall underestimated the magnitude of the change inherent in the reorganization process. His attempts to provide guidance and direction in support of HR were insufficient. HR and Haptonstall were increasingly at odds and their relationship deteriorated as concerns raised by HR were repeatedly disregarded or minimized.

Their relationship fractured further when Haptonstall blamed HR personnel for a miscalculation in the salary spreadsheets provided to him showing the financial impact of the reorganization as $528,000, which was decidedly different than the $1.2 million cited by the Daily Sentinel. Haptonstall's claim that he was "dumbfounded" by the $1.2 million number was particularly troubling for HR staff. HR staff had repeatedly expressed concerns about the increasing salary costs associated with the reorganization and accompanying salary schedule adjustments. Haptonstall characterized the cost analysis as a finance problem, not an HR problem.

Haptonstall lacked awareness of process and procedures within the HR Department. He frequently bypassed recommendations of HR or made unilateral decisions without adhering to established HR practice and procedure. For example, on March 30, 2018, Haptonstall directed Human Resources to reclassify the position of an employee from salary schedule Support Staff, Hourly, Administrative Assistant (Grade 10, Step 13) to Support Staff, FLSA Exempt, Executive Assistant to the Board of Education, (Grade 4, Step 11). In addition, on June 15, 2018, Haptonstall directed Human Resources to reclassify the position of an employee from salary schedule Executive Assistant, Hourly, (Grade 15, Step 13) to Support Staff, FLSA Exempt, Community/Parent Relations Specialist, (Grade 7, Step 12).

The above reclassifications resulted in significant pay increases. Although such reclassifications are certainly within the purview of the Superintendent, the process utilized in these cases did not include input from HR.

SALARY STRUCTURE/RANGE/RECOMMENDATIONS

Pursuant to the reorganization and in recognition of the need to address shortcomings in the existing salary structure, Human Resources collaborated with Haptonstall to formulate a compensation strategy. HR began a process of market data analysis and review to establish a salary structure that was compatible with the current market and reflected appropriate compensation for the positions envisioned by Haptonstall. At Haptonstall's direction, the goal was to increase salaries to within 10% of market, with the range developed based on market data. This process was initiated in August of 2017, and continued throughout Spring of 2018. The progression of salary ranges for the Administrative, Professional, Technical (APT) salary schedule was provided to Haptonstall throughout the course of the reorganization.

On 8/17/2017, Haptonstall was provided with a document reflecting the 2017-18 APT salary schedule, including salary bands 1-13. (Exhibit F) As market data was analyzed, HR modified the salary structure and ranges to better approximate the stated goal of increasing salaries to attract and retain employees. For comparison purposes, the final iteration of the APT Salary Schedule for 2018-19 has been provided, reflecting all positions within newly established salary bands A-L. (Exhibit G)

Factual Findings and Analysis:

The Compensation Oversight Committee was previously established to evaluate and make recommendations on compensation practices and procedures applicable to all District 51 employees. The work of this committee was vital to validate the process and budget impact of adjustments in compensation and changes to the salary schedules. Members of the committee included Haptonstall, HR and finance personnel, and executive leadership. The Committee was scheduled to meet monthly, but during the reorganization process meetings were frequently cancelled. The reason for this is unclear. Haptonstall recognized the importance of the Committee as far as market research and analysis, but the Committee's members questioned whether he really valued their work. Oversight during the reorganization process was sorely lacking. Unfortunately, at a time when the work of the Committee was especially needed, its role diminished.

During the course of the reorganization, HR was constantly making modifications to the ever-evolving salary schedule, to include adjusting the number and range for specific salary bands, and determining the appropriate placement of positions within each designated band. HR provided copies of the revised salary schedule spreadsheets to Haptonstall on a regular basis, either electronically or in person. HR would generally provide an explanation or overview of the spreadsheet, and then incorporate feedback from Haptonstall or the Compensation Oversight Committee as appropriate.

Based on a review of these spreadsheets, the changing nature of the financial impact created by individual salary increases within each range is readily apparent. For example, an undated spreadsheet listed total salary expenditures for 2018-19 as $4,312,004. On a master spreadsheet dated May 7th, the total 2018-19 salary expenditure is listed as $5,076,071 compared to 2017-18 expenditures of $4,154,308. On a spreadsheet provided to Haptonstall on approximately May 21, 2018, the total salary expenditure is listed as $5,066,936, compared to 2017-18 expenditures of $4,538,363. It should be noted that the expenditures for 2017-18 were miscalculated on this document due to the incorporation of incorrect salary numbers (using 2018-19 numbers in the column designated for 2017-18 salaries).

Haptonstall subsequently referenced this miscalculation in response to media reports and internal documents, citing his reliance on this spreadsheet document showing a financial impact of approximately $528,000 (5,066,936 minus 4,538,363) compared to the $1.2 million cited by the Daily Sentinel. The correct calculation based on the numbers available at the time would have been $5,066,936 minus $4,154,308 for a total impact of $912,628.

The approval process for salaries based on specific positions was facilitated by HR with guidance and direction from Haptonstall. The typical process would involve selection of the candidate for a designated position, followed by an analysis of the individual's specific experience and qualifications, leading to a salary recommendation within established parameters, consultation with Haptonstall, culminating in a salary offer and acceptance by the candidate.

The salary numbers were subsequently provided to the Finance Department for inclusion in the budget process.

The salary spreadsheets evolved over time, with repeated and sometimes contentious discussion between HR and Haptonstall. As the financial impact of the adjustments to the salary schedule and individual salaries continued to escalate, HR expressed concern to Haptonstall about the financial viability and long-term sustainability of the increases. Specifically, concerns were expressed about how these increases would be perceived, both internally and externally, especially in light of the representation that the reorganization would result in a decrease in positions and cost savings.

HR cited several specific concerns regarding Haptonstall's decision-making process and justification for salary increases in conjunction with the reorganization. Haptonstall frequently overrode the recommendation of HR, which sometimes created a ripple effect throughout the salary schedule. For example, during the salary determination process for the position of Assistant Area Directors (East and West), HR recommended a salary of $95,936 for one of the candidates, which was within the established range at the time and represented an 8% increase over the candidate's prior year salary. Based on a higher level of experience and qualifications, the second Assistant Area Director candidate received a salary recommendation of $113,504, which was the same as his then current salary. Ultimately both individuals received the same approximate salary of $124,000, reflecting an increase of 41% and 10% respectively. Haptonstall justified this decision as "paying the same salary for the same work performed".

During the selection process for the Executive Director of Human Resources, HR made a salary recommendation of $110,760 based on the candidate's experience, qualifications and recent salary history. Haptonstall overrode the recommendation of HR, offering a salary of $134,600, which was accepted by the candidate. Upon learning of Haptonstall's offer, HR confronted him regarding the gross deviation from the recommended salary. Haptonstall acknowledged the offer amount was a mistake, caused by misreading the HR email recommendation on his cellular phone. Haptonstall did not think it would be appropriate to withdraw the offer despite it being well beyond the recommended salary. This particular offer created reverberations throughout the existing salary structure, because other employees (with long tenure and experience) within the same band were now being paid less than a new employee. The range and individual salaries within the band were subsequently adjusted upward by HR to address this potential inequity. Upon being informed by the investigator of the ensuing ripple effect of this mistake on the APT salary schedule, Haptonstall disputed whether these additional upward adjustments were necessary.

During the selection process for Director of Student Services, HR made a salary recommendation of $117,866 based on the then established range of $91,095-$139,127. This position was downgraded from the Executive Director of Student Services pursuant to the reorganization. HR noted that the same individual held both the prior and new position. Despite the change in title from Executive Director to Director, the job duties of this position were essentially the same. The final salary was established at $132,111, which represented a 15% increase over the previous salary as an Executive Director. Several other positions received salaries in excess of the recommendation from HR, through either direct negotiation with Haptonstall or based on his guidance and direction.

The cumulative effect of these decisions was an escalation in salary costs associated with the reorganization, and erosion in trust between HR and Haptonstall because of the inconsistent application of the salary structure guidelines. The process of offering positions and salary confirmation broke down. The lack of involvement of the previous Executive Director of Human Resources hindered this process, as there was no established formal procedure to track salary approvals and maintain consistent oversight of the costs associated with on-going salary adjustments.

FINANCE DEPARTMENT

The Finance Department (finance) provides information and oversight for the budgetary process of the District, including funding recommendations based on District priorities and available funding. The finance department provides on-going analysis of the impacts of expenditures and revenues to ensure the District is operating within the established budget. In January of 2018, Haptonstall requested an analysis of the potential cost savings for his planned reorganization. Finance explained that it was impossible to foresee the financial impact. Finance provided no input regarding the new administrative structure because specific positions, determination of the salary schedule and salary recommendations are outside their purview.

In March 2018, finance and HR participated in discussions within the Compensation Oversight Committee (COC) regarding the alignment of new positions within the APT salary structure. In early April, Haptonstall did not appear to be happy with some of the salary proposals, so modifications and adjustments to the salary schedule were common. In approximately mid-April 2018, finance received notification that the District would receive approximately \$9.5 million in state funding, which was significantly more than expected. This increase in funding allowed the District to address market adjustments and salary structure, as well as restore financial reserves. Due to the increase in state funding, increased costs anticipated for the reorganization could likely be absorbed without creating a budget deficit.

Factual Findings and Analysis:

On April 24, 2018, at a breakfast meeting with the Board of Education and other District personnel, finance presented a document titled "2019-19 Budget Considerations" showing "\$420,000 in priority salary market adjustments" and "\$460,000 in salary range adjustments". (Exhibit H) These figures represented an estimate based on predicted salary impacts for the coming budget year. No detailed breakdown of the specific salary adjustments was provided.

During the budget process, HR regularly provided updated salary projection information to finance. On April 24, an internal document reflected projected 2018-19 APT salaries of \$4,331,866 and actual salaries of \$4,536,842. The document was modified later that same day, reflecting an updated number of \$4,741,577 for actual salaries. As of May 8, 2018, the updated document reflected projected salaries of \$4,080,961 and actual salaries of \$5,064,099, with a calculated impact of \$983,138. This series of documents illustrates the constant fluctuation of projected salary information in response to on-going adjustments to the salary schedule and individual salary approvals.

On May 22, 2018, finance presented a formal overview of the 2018-19 budget. (Exhibit I) Subsequent to that presentation, several Board members requested additional detail regarding the itemization of expenditures for the budget. Finance produced a document titled "2018-19 Presented Budget Detail", which captured line item detail of new expenditures included in the presented budget for the general fund. (Exhibit J) This document included a line item for "$616,635 Range/market adjustments: Admin salary schedule". [Note: This amount differs from the $528,573 noted in the HR spreadsheet, later determined to be a miscalculation.]

Finance provided the 2018-19 Presented Budget Detail document to Haptonstall with a request to forward the information to the Board. The document was subsequently forwarded to the Board on May 29, 2018. Finance noted that during the budget process, there were no questions from Board members or Haptonstall regarding the $616,635 projected number.

According to Haptonstall, he was aware of a discrepancy between the salary impact numbers provided by finance ($616,635) and HR ($528,573), and prior to his departure on vacation on May 27, he directed finance staff to resolve the discrepancy and ascertain the "correct number". In a subsequent email communication dated 7/27/2018, from Haptonstall to the Board, Haptonstall notes the number sent by finance did not jive with HR's number, "so I believe I asked them to reconcile them and get a real number." (Exhibit K) Finance staff disputes Haptonstall's recollection, and insists they were not asked to resolve any discrepancy in the numbers until after publication of the Sentinel article.

Following publication of the Daily Sentinel article, Haptonstall clearly sought to reconcile his recollection of the financial impact of the reorganization with the $1.2 million cited by the article. In an internal email communication to finance on July 23, 2018, Haptonstall referenced the last communication he could find from HR, which referenced a change of $528,573 to the APT salary schedule. Finance subsequently performed an analysis and determined the previous spreadsheet from HR included a miscalculation in one of the salary columns. (Exhibit L) This miscalculation created an inaccurate representation of the overall financial impact of the reorganization as previously noted in this report.

Finance noted that salary amounts were constantly changing as positions were offered and accepted, and the salary schedule was adjusted. Finance deferred to HR and Haptonstall, and plugged the appropriate numbers into their budget calculations as they were provided. Ultimately the salary increases attributed to the reorganization did not impact the bottom line of the budget, primarily due to the increase in state funding received by the District. No "red flags" were raised throughout the budget process. No questions were asked about the salary adjustments noted on the itemized budget detail. Haptonstall never requested a final cost analysis of the reorganization from finance, and none was provided. Finance assumed the Board and Haptonstall were communicating regarding the financial impact, and they did not insert themselves into the discussion beyond providing the itemized detail for the budget.

FINANCIAL IMPACT OF REORGANIZATION

In response to the Daily Sentinel article, finance conducted a "reconciliation" to determine the accuracy of the calculations provided in the article and establish the actual net salary increase attributable to the reorganization. Based on an internal review, the Sentinel included 12 positions in their calculations that are not actually included on the APT salary schedule, and they failed to account for scheduled annual salary schedule increases that would have occurred regardless of the reorganization. An adjustment of the calculations incorporating these factors as well as some minor salary discrepancies, results in a net increase of $938,693. (Exhibit M)

A subsequent analysis of how the $616,635 Range/market adjustments: Admin salary schedule from the 5/24/2018 "2018-19 Presented Budget Detail" increased to $938,693 was also prepared by finance. The most obvious factor accounting for the increase is the addition of salaries for three positions that were not filled until after May 24, 2018. (Exhibit N)

As of August 27, 2018, with updated calculations, the total increase above the projected cost of the 2018-19 APT salary schedule to the actual cost of the 2018-19 APT salary schedule is $946,322.

BOARD OF EDUCATION

All Mesa County Valley School District 51 Board of Education members were interviewed during the course of this investigation.

Factual findings and analysis:

All five Board members were operating under the assumption that the reorganization would result in a decrease in administrative positions and cost savings based on representations from Superintendent Haptonstall. During the course of the reorganization process there was never any discussion about an increase in positions. Board members did not ask specific questions about the financial impact of the reorganization and they never requested any cost analysis from finance. When Haptonstall was questioned about the cost informally, he responded that he didn't know, and there was no request for further clarification. Board members failed to follow-up or request more specific information.

All Board members first became aware of the adverse financial impact and increase in positions from the 7/21/2018 article in the Daily Sentinel. They were collectively taken aback by the revelation that the reorganization had resulted in substantial salary costs and an increase in positions. Haptonstall also indicated he was "dumbfounded" upon learning of the reported financial impact. The Board had not received any information from Haptonstall prior to the Sentinel article to cause them to believe the reorganization resulted in a substantial increase in salary costs and additional administrative positions.

All Board members received a copy of the "2018-19 Presented Budget Detail", which captured line item detail of new expenditures included in the presented budget for the general fund, including a line item for "$616,635 Range/market adjustments: Admin salary schedule". However, all of the Board members acknowledged they did not recognize the implications or scrutinize the number presented. All Board members reported being surprised by the $1.2 million number cited in the Daily Sentinel article, and were surprised to learn the actual impact was approximately $938,000. Board members all indicated the increase in salaries seemed to be excessive, and they wished they had asked questions to determine if the increases were justified and sustainable. Board members expected any budget anomalies or concerns with expenditures would be brought to their attention by finance or Haptonstall. All Board members admitted to relying substantially on Haptonstall and finance, and they should have scrutinized the budget more carefully. The Board members collectively acknowledged their oversight of the budget process was lacking.

COMMUNICATION

One of the identified causes of the reported discrepancy between the actual cost of the reorganization and the cost information previously provided to the Board of Education regarding the reorganization was a pervasive lack of communication between critical components, to include Haptonstall, HR and finance personnel, and the Board.

There was a lack of communication between Haptonstall and the Board regarding the impact of the reorganization. For example, on approximately June 14, 2018, HR provided information during an interview with Daily Sentinel reporter Katie Langford. On June 15, 2018, HR informed the Superintendent of the substance of the interview and detailed the information provided to the Sentinel reporter. (Exhibit O) This communication provided a clear indication HR had concerns that the Sentinel was scrutinizing the impact of the reorganization. This was approximately 5 weeks before the Daily Sentinel article was published. Haptonstall acknowledged receiving this communication, but he did not bring it to the Board's attention. When shown the email, Board members expressed surprise that this had not been brought to their attention.

The Mesa Valley Education Association was not informed initially of the anticipated market or equity adjustments on the APT salary schedule, which would typically be discussed during the course of negotiations. Historically, the percentage salary increase for administrators mirrors that of the teachers (3.6% for 2018-19). Haptonstall did not respond to concerns expressed by MVEA regarding the reorganization. The historical trusting relationship between MVEA and the District administration caused them to assume during the negotiation process that the reorganization would not involve any major changes. Upon learning of the substantial increases to the APT salary schedule in the Daily Sentinel article, MVEA described this apparent lack of transparency by District officials as a betrayal of trust.

Throughout the negotiation process, there were internal discussions during internal administration meetings about the potential negative perception of substantial salary increases for APT schedule employees. The specific issue of how to convey this information to the teachers and affected personnel was discussed. Due to the potential for negative reaction and public perception, it was suggested that the communication of this information be delayed until after personnel were out of the buildings for summer break to minimize anticipated "blowback".

Haptonstall did not express opposition to this suggestion, which caused staff to believe he supported the deliberate delay, so information regarding the APT salary increases was not disseminated to staff until after teachers went off duty for the summer. Haptonstall did not recall the meeting, and indicated this lack of transparency was not something he would support. However, nondisclosure of APT salary increases during negotiations was clearly a deviation from past practice, and appeared to be calculated to avoid the clearly foreseeable negative reaction from MVEA.

CONCLUSION AND SUMMARY OF FINDINGS

The scope of this investigation focused on determining the nature and cause(s) of the reported discrepancy between the actual cost of the Superintendent's reorganization of the District's administrative and support staff during the District fiscal year ending June 30, 2018, and the cost information previously provided to the Board of Education regarding such reorganization.

As noted in the report, the most recent salary impact figure provided to Haptonstall and the Board at the time of budget adoption was approximately \$616,000 as of May 24, 2018. However this did not reflect several pending positions yet to be filled and minor salary adjustments. Subsequent adjustments to the overall salary schedule and spreadsheet due to added positions reflect an actual cost of approximately \$938,000, currently adjusted to \$946,322 as of August 27, 2018. The reasons for the discrepancy between these two figures can be attributed to the constantly evolving salary structure and accompanying fluctuation in numbers inherent in a massive reorganization process. There was no intentional attempt to obscure or manipulate the actual salary cost increase associated with the reorganization.

Throughout the course of this investigation, several issues were identified that contributed to dysfunction within the District. Most of these issues stemmed from a lack of communication, oversight, direction and guidance, or leadership from the Superintendent and Board of Education.

There was a systemic communication failure throughout the organization during the Spring 2018 budget process and reorganization. Haptonstall, the Board, HR and finance all experienced difficulties in keeping each component fully informed about critical issues of importance. The right questions were not being asked, and answers were not provided proactively when those questions never arose. In many cases, concerns were not acknowledged or were minimized, either through inattention or lack of understanding, resulting in negative consequences.

Haptonstall provided a lack of clarity regarding the planned reorganization, which created difficulties for HR in their effort to implement processes for recruitment, selection, hiring and compensation. The decision not to renew the contract of the incumbent Executive Director of Human Resources exacerbated the problem. The ensuing lack of leadership and guidance within HR created tension and uncertainty. Under the circumstances, the HR staff overall performed their duties admirably in the face of some very challenging conditions.

Haptonstall demonstrated a lack of oversight and organizational control. There was no established formal process for sign off on salary recommendations and approvals. He frequently by-passed established procedures and recommendations from HR. He did not take steps to ensure the Compensation Oversight Committee remained actively engaged during the reorganization. Haptonstall's failure to recognize the cumulative effect of his decision-making regarding salaries of administrative employees had negative consequences.

Haptonstall failed to exercise proper financial oversight during the budget process, specifically regarding the substantial increase in salary costs on the APT salary schedule associated with the reorganization. He failed to recognize that despite his initial representations to the contrary, the reorganization resulted in a net increase in administrative positions and salaries. He also failed to keep the Board fully informed regarding these impacts. His inattention to detail resulted in significant increases in salary expenditures based on changes to the existing compensation structure of the District.

The Board failed to demonstrate leadership and exercise appropriate oversight of Haptonstall and the budget. A sense of complacency permeated the budget process because it has historically been without controversy during the tenure of this Board. The Board did not ask questions or carefully scrutinize the budget, and failed to recognize and hold Haptonstall accountable for the increased costs of the reorganization. In hindsight, the 2018 budget required enhanced oversight and scrutiny based on several factors: recent passage of the bond and mil levy, a new superintendent involved in his first budget process, an increase in state funding of $9.5 million, and a massive internal reorganization. The collective potential impact of these factors on the budget process should have been foreseeable by the Board.

As evidenced by the internal and public reaction to the Daily Sentinel article, there is clearly a negative perception regarding the significant increase in salaries for upper level administration employees. Concerns repeatedly expressed by staff regarding the potential for public backlash were downplayed or ignored. The potential for negative consequences was clearly understood by Haptonstall, but he did not proactively address the underlying issue either with staff, collaboration with the Board, or by positive messaging with the public.

When apprised of the information in the Sentinel article, Haptonstall questioned the accuracy of the $1.2 million in salary increases cited in the article. He then unjustifiably blamed his lack of informed knowledge regarding the salary increases on a miscalculation from a spreadsheet prepared by an HR employee, or inaccurate numbers provided by finance. This response severely damaged his relationship with both the Finance and HR Departments, as they were unfairly "thrown under the bus".

Both the Board and Haptonstall failed to communicate effectively with the public and stakeholders within the education community regarding the impact of the reorganization. Unfortunately, a lack of transparency regarding the increased costs and personnel impacts associated with the reorganization has damaged the relationship between the District administration and employees within the District, particularly the teachers and MVEA. The apparent decision to delay the dissemination of information regarding the APT salary increases in May 2018 appears to be purposeful and deliberate so as to mitigate potential negative reaction from teachers, and this can fairly be characterized as a betrayal of trust. The potential ramifications of this communication failure cannot be overstated.

There is no evidence of an intentional effort by Haptonstall to obscure the financial impact of the reorganization or mislead the Board. However, there is little evidence to suggest that the information uncovered by the Daily Sentinel would have been proactively shared with employee stakeholder groups or the community at large in the absence of the Sentinel article. Transparency is cited by Haptonstall as a hallmark of his administration, but it was sorely lacking in this case. Haptonstall had reason to know of the financial impact of the reorganization, but he did not appear to appreciate the implications and failed to communicate critical information to the Board and the public.

In conclusion, Haptonstall's mismanagement of the reorganization resulted in significant salary cost increases that were not communicated to the Board. Some of these salary increases may have been justified. However, many of the increases were provided to long time District employees doing substantially the same job. The evidence does not support the stated justification that significant increases in salaries were warranted in order to attract highly qualified "external" candidates. Only five "new people" were brought in through the reorganization. The net effect of the reorganization is an increase of 9 administrative positions and $946,322 in salary costs.

EXHIBITS

EXHIBIT A: "More administration, more pay after District 51shake-up", by Katie Langford, published 7/21/2018 in the Grand Junction Daily Sentinel

EXHIBIT B: Mesa County Valley School district No. 51 Reorganization Plan, presented by Dr. Ken Haptonstall, Superintendent of Schools, on 1/9/2018

EXHIBIT C: Mesa County Valley School District 51 Organizational Chart 2018-19, also known as the "New Model", created by Ken Haptonstall

EXHIBIT D: Mesa County Valley School District 51 Organizational Chart 2017-18

EXHIBIT E: Timeline for New Organization Implementation, email from Ken Haptonstall to Colleen Martin, dated 1/7/2018

EXHIBIT F: 2017-18 APT Salary Schedule

EXHIBIT G: 2018-19 APT Salary Schedule

EXHIBIT H: 2018-19 Budget Considerations, provided at Board breakfast, 4/24/2018

EXHIBIT I: 2018-19 Presented Budget, presented 5/21/2018

EXHIBIT J: 2018-19 Presented Budget Detail, provided to Board 5/29/2018

EXHIBIT K: Email from Ken Haptonstall to Board of Education members, dated 7/27/2018

EXHIBIT L: Email from Ken Haptonstall to finance staff dated 7/23/2018, including responsive document from staff with highlights attached

EXHIBIT M: Reconciliation of Daily Sentinel article calculations and internal finance information, prepared by finance staff in August 2018

EXHIBIT N: Salary Adjustment since Presented/Adopted Calculations, prepared by finance staff in August 2018

EXHIBIT O: Email from Human Resources staff to Ken Haptonstall dated 6/15/2018