



IDEA TX Executive Long-Term Incentive Plan

Purpose

Executive leaders in IDEA TX have participated in a governmental deferred compensation plan that was not subject to the requirements under the Employee Retirement Income Security Act of 1974 (ERISA). As IDEA has grown to have leaders of regions and schools employed by entities outside of IDEA TX that are not eligible to participate in a governmental plan, it has become important to adjust structures to be applicable to both governmental and non-governmental entities so that there is greater parity. This means in part voluntarily restructuring certain IDEA executive benefits as non-governmental to be equivalent to what non-governmental offerings are available.

The primary goal of the Executive Match plan was to act as a retention benefit – as contributions vested over a 5-year period. IDEA continues to be committed to the goal of providing a compensation program to our executive leaders that encourages and supports long-term retention in these challenging senior roles. To accomplish this, we aim to discontinue the governmental deferred compensation plan at the end of the 2021 fiscal year, and have created a replacement plan modeled after the retention structure built into our Teacher Career Pathway Grow-with-IDEA bonuses.

Eligibility

- Executive Leadership Council (ELC) members (i.e., Principals, Vice Presidents, Executive Directors, Regional/Area Superintendents) who are employed by IDEA TX
- Must be in an ELC role at the time of payout (August of each year) to be eligible for payment
- A year of service is earned as long as the leader is in an ELC role as of September 1st and at the time of payment

Program Overview

- Similar to our Grow-with-IDEA bonuses that Teachers and Assistant Principals of Operations receive as part of their Career Pathways, our Executive Long-Term Incentive Plan is structured such that each year our Executives return to IDEA in an Executive role, they earn an additional installation of their target maximum bonus of \$10,000, and once the \$10,000 target is reached, leaders continue to receive \$10,000 every year as long as they remain at IDEA in an ELC role.
- These Long-Term Incentive payments are paid out as taxable amounts in August each year as part of our Celebration of Commitment season when we pay Commitment to Excellence bonuses to all staff.
- While we are not able to provide tax preference for the \$10,000 bonus on top of the IRS Employee Contribution limits each year (\$19,500 in 2021), participants may easily elect to contribute the bonus amount as employee contributions to their 403b or 457 plans, as long as total contributions for the year do not exceed the \$19,500 limit for each plan.
- This plan focused on IDEA's ELC roles replaces both the Executive Match 403b plan as well as the Principal Commitment bonuses that had been granted on a 5-year basis to Principals staying in the Principal role for 5/10/15 consecutive years.

Earning Schedule:

	Teachers and APOs (Existing Career Pathway Bonuses)	Principals/VPs	Executive Directors	Superintendents
Target Annualized Amount	Up to \$10k (for Master level)	\$10k	\$20k	\$30k
Earning Schedule**	Year 1: 33%/\$3,333 Year 2: 67%/\$6,667 Year 3 + : 100%/\$10,000	Year 1: 25%/\$2,500 Year 2: 50%/\$5,000 Year 3: 75%/\$7,500 Year 4 +: 100%/\$10,000	Year 1: 20%/\$4,000 Year 2: 40%/\$8,000 Year 3: 60%/\$12,000 Year 4: 80%/\$16,000 Year 5 +: 100%/\$20,000	Year 1: 20%/\$6,000 Year 2: 40%/\$12,000 Year 3: 60%/\$18,000 Year 4: 80%/\$24,000 Year 5 +: 100%/\$30,000

Examples:

New Principal in 21-22	Payout August 2022	Payout August 2023	Payout August 2024	Payout August 2025 (and beyond)
\$10k "Earned" 2021-22	\$2,500	\$2,500	\$2,500	\$2,500
\$10k "Earned" 2022-23		\$2,500	\$2,500	\$2,500
\$10k "Earned" 2023-24			\$2,500	\$2,500
\$10k "Earned" 2024-25				\$2,500
Total payout	\$2,500	\$5,000	\$7,500	\$10,000

In Principal role since August 2017 or earlier*	Payout August 2022	Payout August 2023	Payout August 2024	Payout August 2025 (and beyond)
Already "Earned"	\$7,500	\$5,000	\$2,500	\$0
\$10k "Earned" 2021-22	\$2,500	\$2,500	\$2,500	\$2,500
\$10k "Earned" 2022-23		\$2,500	\$2,500	\$2,500
\$10k "Earned" 2023-24			\$2,500	\$2,500
\$10k "Earned" 2024-25				\$2,500
Total payout	\$10,000	\$10,000	\$10,000	\$10,000

* As part of the transition from the prior IDEA Governmental Retirement plan and Principal Commitment to School Leadership bonus to our new Executive Long-Term Incentive plan, IDEA leaders will see their prior plan equivalent amounts rebalanced and equalized through a transition into the new plan as follows:

- All employee contributions and earnings will remain in the employee's retirement account.
- All employer contributions up through June 2021 will continue to vest and earn in the employee's retirement account.
- Principals meeting 5- and 10-year milestones in the Principal role in August 2022 (the first year of the plan) will receive \$15,000 and \$20,000 respectively. That will be the final year that the Principal Commitment to School Leadership bonus will offer an additional amount.

** As with our Teacher Career Pathway, Executives can be "re-captured", meaning that if a Principal takes another (ineligible) role at IDEA and then comes back to the Principal role in a future year, as long as this policy is active, the team member will be able to count prior eligible years towards the target.