



**GOVERNING BOARD AGENDA ITEM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

DATE OF MEETING: **June 12, 2018**

TITLE: **Approval of Compensation Meet and Confer Agreement and/or Compensation Terms for the 2018-2019 Fiscal Year for Certificated, Classified, Classified Exempt, Professional/Non-Teaching, Administrative, and Administrative Exempt Employee Groups**

BACKGROUND:

The joint District and Amphitheater Education Association Meet and Confer teams have concluded their work on recommendations to the Governing Board for a compensation package for employee pay and benefits for the 2018-2019 fiscal year. This year was unique from prior years of compensation discussions since the education budget proposed by the Governor changed significantly during the meet and confer process. Following a statewide teacher walkout beginning April 26, 2018, the Arizona Governor proposed a state budget that planned for a twenty percent (20%) pay increase for teachers by the year 2020. The legislature passed an education budget in the early morning hours of May 3, 2018 that included nearly \$273 million aimed at giving teachers pay raises, and the Governor signed the bill into law that same morning. Unfortunately, efforts to expand the definition of “teachers” (those eligible for the pay hike) to include other school district employees also commonly called “educators” failed in the Legislature.

The budget passed on May 3, 2018 also provided for an increase in additional assistance of \$100 million (“flexible dollars”) to account for a portion of the capital funding cuts to school districts over the past decade. The Governor proposed the budget in a manner that allowed school districts to use the additional assistance for a variety of needs, including employee raises. The funding that Amphitheater Public Schools received through this additional assistance was approximately \$1.2 million, and a significant portion of that is being recommended for use to fund employee salary increases for the 2018-2019 fiscal year.

In addition, the joint meet and confer teams also had to address the effects of Prop 206: The Fair Wages and Healthy Families Act (codified as A.R.S. § 23-363) on District jobs. There are two parts to Prop 206; the first was the provision for mandatory employer-provided sick leave. The Governing Board approved revisions to Policies GCCA - Professional Staff Sick Leave and GDCA - Support Staff Sick Leave to address that provision on July 11, 2017.

The second is the annual state-wide minimum wage increase. On January 9, 2018, the Governing Board approved revisions to the Classified/Support Staff salary schedule to address Prop 206’s second provision for a state-wide minimum wage increase. Prop 206 raised Arizona’s minimum wage of \$8.05 per hour to:

- \$10.00 per hour effective January 1, 2017;
- \$10.50 per hour on January 1, 2018
- \$11.00 per hour on January 1, 2019
- \$12.00 per hour on January 1, 2020
- \$12.00 per hour plus an inflationary increase on January 1, 2021 and annually thereafter.

Compliance with the law required the minimum starting rates of pay for the first four ranges (A, B, C & D) of the District’s Classified/Support Staff salary schedule to be increased to \$10.50 per hour. That required

employees, including student workers, who were previously paid below \$10.50 per hour on their respective ranges to be increased to the new minimum (effectively two increases to date).

While the District addressed and enacted the changes in the law as required, a side effect of the increased minimum wage is a “compression” of the pay schedules. This compression occurred because the minimum wage increases significantly exceeded the District’s annual salary increases. The minimum wage will have increased by nearly 24% effective January 1, 2019 whereas classifications starting at above minimum wage, which have more stringent minimum qualifications or greater supervisory authority, have only minimally increased since Prop 206 took effect. For example, where a Custodian I’s pay – previously scaled to allow for advancement - is now much closer to that of a Custodian III who has not received a concurrent increase in pay as he/she was already paid more than minimum wage. As the Custodian I (in this example) will again receive a pay increase on January 1, 2019 and narrow the scale even further, the meet and confer teams addressed this phenomenon by recommending no salary adjustment for people earning below \$11.00 per hour, as those employees will receive an increase to \$11.00 per hour on January 1, 2019 to comply with Prop 206. By doing this, the meet and confer teams could create a separation between employee classifications to better address the natural compensation differences that should exist between a classification that earns minimum wage and a classification that supervises them.

Recommendations

The joint District and Amphitheater Education Association Meet and Confer team have entered into the attached “Joint Recommendation of the Meet and Confer Teams for Personnel Policy and Compensation Matters” (“Recommendation”). The Recommendation contains the following proposals for an employee compensation package for the 2018-2019 (next) fiscal year:

The Meet and Confer Teams’ Recommendation for the 2018-2019 Compensation Package for the Certificated, Support (a.k.a., Classified), and Professional/Non-Teacher Employee Groups

The package recommended to the Governing Board for all represented groups (certificated, support, and professional/non-teaching) includes the following terms:

1. District contribution to employee benefit plans shall remain the same.
2. The traditional “grade and step” salary schedules will no longer be used to demonstrate earning potential. Future salary negotiations will focus instead on minimum/maximum ranges with annual increases based on a flat fee or a percentage increase to base salaries.
3. Salary increases described herein are based upon a 1.0 FTE.
4. In the event that the District receives new and undesignated funding in the current fiscal year that can be used for salaries, the teams will convene to address the additional funds through the meet and confer process.

Certificated Employee Group

Increase the salary of all teachers by \$3,600.

Professional/Non-Teacher Employee Group

Increase the salary of non-administrative salaried employees by \$1,500. This includes employee classifications formerly known as “professional non-teaching” as well as the other non-administrative salaried employees who did not qualify for the 1.06% salary increase authorized by the State of Arizona for the 2017-2018 school year.

Support (a.k.a., Classified) Employee Group

1. Increase the hourly pay for all classified employees who currently earn at least \$11.00 an hour by \$0.55.
2. There is no salary adjustment for people earning below \$11.00 per hour. Under the Arizona Fair Wages and Healthy Families Act (“Act”) (ARS 23-363), the minimum wage has increased twice since January 1, 2017. Employees earning less than \$11.00 per hour will receive a wage increase on January 1, 2019 to be compliant with the Act. Any additional increase for these employees would exacerbate the vertical compression that now exists due to the wage increases required by the Act.

**The Superintendent’s Recommendations
for the 2018-2019 Compensation Package for the
Classified Exempt, Administrative and Administrative Exempt Employee Groups**

The Classified Exempt, Administrative and Administrative Exempt Employee Groups are not represented by the Amphitheater Education Association. For these groups, the Superintendent recommends the global package set forth above, and the following:

Classified Exempt Employee Group

Increase the hourly pay for all classified exempt employees by \$0.55.

Administrative and Administrative-Exempt Employee Groups

Increase the salary of all administrators by \$1,500.

Amphitheater Education Association Ratification Process

Following the conclusion of the meet and confer process, the Amphitheater Education Association (“AEA”) conducted a vote of eligible District personnel to ratify the proposals in the Recommendation. AEA representatives have since advised Administration that the compensation package has ratified and is appropriately before the Governing Board for consideration.

RECOMMENDATION:

The Superintendent recommends approval of the Recommendation which, for easier viewing, provides for the following salary increases:

- Teachers – \$3,600 increase.
- Classified Employees - Increase of 55 cents per hour for classified employees currently earning at least \$11.00 an hour. Classified employees who currently earn less than \$11.00 per hour will receive an increase in January 2019 to be compliant with the minimum wage increase required by Arizona state law.

- Professional Non-Teaching (this category expanded to include those employee classifications previously paid on certified salary scale that did not qualify for the 1.06% salary increase authorized by the State of Arizona for the 2017-2018 school year, including athletic trainers, counselors, librarians, and nurses) - \$1,500 increase.

In addition, the Superintendent recommends that administrators similarly receive a \$1,500 salary increase for the 2018-2019 fiscal year.

Finally, appreciation is expressed to the members of the meet and confer teams who spent many hours together pursuing the resolution of issues of concern through a positive, interest-based approach. Those team members were:

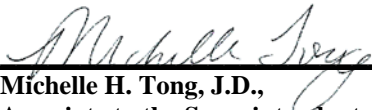
For the Amphitheater Education Association:

Kathryn Pivonka
Robert Wacker
Liz Bruggeman
Brande Golden
Shannon Langley
Lisa Millerd
Kathy Spencer
Ellen Harris

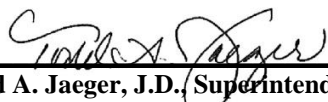
For the District:

Michelle Tong
Monica Nelson
James Burns
Jon Lansa
Christy Sullivan
Chris Gutierrez
Roseanne Lopez
Tassi Call

INITIATED BY:


Michelle H. Tong, J.D.,
Associate to the Superintendent and General Counsel

Date: May 29, 2018


Todd A. Jaeger, J.D., Superintendent