



GOVERNING BOARD AGENDA ITEM

FORM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10

DATE OF MEETING: April 10, 2012

TITLE: Approval of Compensation Meet and Confer Agreement and Compensation Terms for the 2012-2013 Fiscal Year for Certificated, Classified, Classified Exempt, Professional Non-Teaching, Administrative, and Administrative Exempt Employee Groups (4.10.12)

BACKGROUND:

**Certificated, Classified, Classified Exempt, and
Professional Non-Teaching Groups**

In several sessions occurring over several months, members of the District Administration, representing the Governing Board, have met and conferred with members of the Amphitheater Education Association (AmphiEA), representing certificated, classified and professional non-teaching employees to discuss the District's compensation package for next fiscal year. This is an annual occurrence, of course.

Attached is the agreed upon proposal of the meet and confer teams. It is hopefully a straightforward document, however some of the key terms contained in the proposal are summarized below.

The Governing Board retains discretion to modify any terms of the proposal, as it determines.

Increased Pay

Obviously, the legislative budget cuts of more than \$26,000,000 in recent years and the resulting pay decreases of two years ago weighed heavily on everyone's minds throughout the meet and confer process, particularly because those pay decreases and furlough days were "backfilled" by federal stimulus dollars. As the Governing Board knows, those federal funds terminate at the conclusion of this fiscal year in June.

A major recommendation of the team is that the Board maintain this "backfill", effectively canceling the previous pay cuts and furloughs, but using district funds to do so.

In addition, the lack of actual pay *increases* for several years has meant that employee pay has fallen behind the cost of living. Thus, beyond maintaining the

reversal of the pay *decreases* made two years ago, the teams have recommended to the Governing Board that eligible employees receive step movement on their respective salary schedules. This would, in effect, provide a 2% raise.

While everyone obviously wishes more could be done at this time, the continuing legislative budget cuts for school districts (loss of all-day Kindergarten funds, loss of millions in building renewal funds, loss of capital funds, incomplete Prop 301 inflationary increases for the budget, etc.) present a present financial reality that does not allow for more, while ensuring sustainability of any package beyond next year.

In addition, the proposal reflects the fact that the ASRS contribution shift implemented by the legislature last year has been ruled by a court to be unconstitutional. Notably, the Governing Board “covered” the ASRS increase for employees this year with an approximate 1% raise. But, because such a pay increase was entirely absorbed by the ASRS rate shift, the experience of employees was that there was no increase in their net pay.

Due to the court ruling, the funds absorbed by the ASRS rate shift will have to be credited back to employees, effectively creating a cost of living raise for the current year of approximately 1%. The meet and confer teams recommend that the Governing Board maintain this 1% increase remain in place as well, thereby raising the respective salary schedules and making the resulting cost of living increase ongoing for the future.

The agreement also contains one “contingency clause” that could operate to increase compensation if certain events occur. The teams recommend that, to the extent possible, the district pay any difference realized between \$1.7 million and the actual cost of the proposed step movement in a lump sum cost of living payment in June of 2013, or, as soon as possible thereafter. This term would be dependent upon the district receiving more than \$600,000 in capital funding from the State during the 2012/2013 fiscal year. Thereafter, if the capital funding continues, the cost of living increase will be applied to the salary schedule.

Retirees Who Return to Work

Concerns about the financial impact which retirees returning to work in some form are having or will have on the District and non-retired employees has led the teams to propose to the Governing Board that all post-retirement employment be arranged through a third party contractor. As the Board knows, one of the very real costs associated with return-to-work personnel next year will be the assessment of an alternative contribution rate (approx. 8.4%) against the district for wages paid to an ASRS retiree while they are drawing retirement benefits. The recommended approach for hiring retirees will ensure that such costs are offset against the ultimate earnings of the retiree.

Fringe Benefits

The teams recognize that the District has been unable to increase benefit health insurance and other fringe benefit contributions for some time. Given the financial realities, the teams have proposed a package that gives the maximum benefit to as many people as possible through pay increases. But, the teams have recommended fringe benefit terms that will hopefully minimize costs for participating employees as much as possible, if not actually decrease those costs if certain contingencies are realized.

First, it is proposed that the district will align the wait period for health, dental and life insurance benefits with common community standards. Most districts in our community start benefits the first day of the month following the month in which the employee was hired and became benefits eligible. This will help control costs.

Second, it is also proposed that the benefits eligibility threshold for all employees be raised to thirty hours per week for new hires (those hired after June 30, 2012). This too should help control costs.

Third, it is recommended that utilization of accrued leave (sick, vacation, personal, etc.) benefits for eligible employees hired after June 30, 2012 only commence upon completion of the applicable probationary period (or first four months of employment).

Finally, the wait period for an employee eligible for short-term disability will increase from thirty to forty five days and the benefit level will decrease from 66% to 60%. This will minimize disability insurance costs for the district, which even with this change in terms, will still increase by approximately \$54,000 next year.

It is proposed that any accrued savings from these benefit term changes be applied in the future to employee compensation.

A contingency related to fringe benefits is also proposed. It states that, if the district receives promised federal health care funding, those funds received will be applied to reduce the employee portion of health insurance costs. (Funds of approximately \$440,000 under the federal ERRA program (part of "healthcare reform" have been approved for distribution to Amphitheater, but have never been released, and may never be released).

Administrative and Administrative Exempt Groups

The Superintendent is recommending a simple package for the Administrative and Administrative Exempt groups which would correspond, to the extent applicable, to the proposal for the other employee groups. Because neither administrative group is represented, no negotiated agreement is attached for these groups. Instead, the following terms represent the Superintendent's proposal. All terms and conditions of employment presently in force which are not modified by the following terms would remain in force.

All administrators are recommended to receive a 2% pay increase, mirroring the "step movement" proposed for the other employee groups. In addition, it is recommended that the restoration of the previous 2% pay cut and furlough days made previously be ongoing for the future, together with ongoing application of the approximate 1% increase made for the current year to offset the ASRS rate shift for this group.

It is also proposed that fringe benefit changes and terms described above administrative groups also be applied to the administrative group members.

Conclusion

The Administration wishes to express its thanks to all the members of the negotiating teams who worked in a positive and cooperative manner toward the outcome reflected above and in the attachments. The ability of the team members to work together to develop such a package in times such as these, when funding has been so drastically cut, is a true reflection of the Amphitheater community spirit.

RECOMMENDATION: The Administration recommends approval of the proposed package for the certificated, classified and professional non-teaching groups. The Superintendent also recommends approval of her proposal for the administrative and administrative exempt groups.

INITIATED BY:



Todd A. Jaeger, Associate to the Superintendent

Date: April 10, 2012



Vicki Balentine, Ph.D., Superintendent