

Recommendation of the Combined Meet and Confer Committees
Regarding 2016-2017 Compensation Package for the
Certificated, Educational Support and Professional Non-Teaching Employee Groups

We, the members of the combined Meet and Confer committees for certificated, educational support and professional non-teaching employee groups of the Amphitheater District hereby make our recommendation to the Governing Board regarding a compensation package for those employee groups for the 2016-2017 fiscal year.

There are several possible scenarios for the District budget that will largely be determined by two major factors outside the District's control: the result of the May 17, 2016 election on Proposition 123; and the outcomes of the current Arizona Legislature. This recommendation is therefore largely premised upon certain assumptions and contingencies regarding the District's budget for the 2016-2017 fiscal year.

We recognize that Proposition 123 offers the potential for a significant increase in district funding for next fiscal year – approximately \$3.1 million in “new” funding. This represents, of course, partial payment of previously unpaid increases that were due under Proposition 301. However, at the same time that Proposition 123 may increase district funding, there is pending legislation that may cause *decreases* in District funding for next fiscal year as well.

One of these legislative matters is “current year funding”, a new method of funding schools that was passed into law by the legislature last year and which will take effect next fiscal year unless the Arizona Legislature takes action to reverse it or postpone its implementation. If current year funding does take effect next fiscal year, the District's funding will decrease by approximately \$1.6 million, which would offset more than half of the potential Proposition 123 funding increase. Another matter affecting the District's budget for next fiscal year concerns pending legislation which would reduce the District's current desegregation funding if passed into law through a phasing out of that vital funding mechanism.

Given these variables and their potential effect upon the District's funding for 2016-2017, the combined committees had to develop a recommendation to the Governing Board which considered several different scenarios. The recommendation which follows specifies the conditions of each scenario required for implementation of each specific proposal. It is important to note that all of these scenarios assume passage of Proposition 123 by the voters in May. If the outcome of the election is otherwise, the committees would again need to meet to develop further recommendations given that outcome, just as we would need to reconvene if additional and undesignated State funds are received.

Scenario A

(Total Cost: Approximately \$2,955,000)

Assumptions resulting in an approximate \$3,100,000 funding increase:

1. *Proposition 123 is approved by the voters on May 17, 2016. (Funding increase of approximately \$3,100,000).*
2. *Traditional school funding continues for 2016-2017; "current year funding" is postponed or reversed. (No net funding change).*
3. *District desegregation funding remains fully in place for 2016-2017. (No net funding change).*

Recommendation:

1. Increase all steps on each salary schedule by a total of 1.6%, comprising 1.0% to adjust for inflation (cost of living increase) and 0.6% to rectify the parallel salary schedule created by the meet and confer recommendation for the 2014-2015 fiscal year. (Cost of approximately \$1,120,000).
2. Move eligible staff members up one step on their salary schedule after implementation of the COLA/step correction increase above. (Cost of approximately \$1,400,000).
3. Increase the District's annual fringe benefits contribution toward medical coverage by \$396.60 (increase from \$3,972.00 per year to \$4,368.60 per year) for each covered employee. (Cost of approximately \$435,000).

Scenario B

(Total Cost: Approximately \$2,360,000)

Assumptions resulting in an approximate \$2,469,000 net funding increase:

1. *Proposition 123 is approved by the voters on May 17, 2016. (Funding increase of approximately \$3,100,000)*
2. *Traditional school funding continues for 2016-2017; "current year funding" is postponed or reversed. (No net funding change).*
3. *District desegregation funding begins for 2016-2017. (Net funding decrease of approximately \$631,000).*

Recommendation:

1. Increase all steps on each salary schedule are increased by a total of 2.75%, comprising 2.15% to adjust for inflation (cost of living increase) and 0.6% to rectify the parallel salary schedule created by the meet and confer recommendation for the 2014-2015 fiscal year. (Cost of approximately \$1,925,000).

2. Increase the District's annual fringe benefits contribution toward medical coverage by \$396.60 (increase from \$3,972.00 per year to \$4,368.60 per year) for each covered employee. (Cost of approximately \$435,000).

Scenario C

(Total Cost: Approximately \$1,369,000)

Assumptions resulting in an approximate \$1,500,000 net funding increase:

1. *Proposition 123 is approved by the voters on May 17, 2016.* (Funding increase of approximately \$3,100,000)
2. *"Current year funding" goes into effect for 2016-2017.* (Funding decrease of approximately \$1,600,000).
3. *District desegregation funding remains fully in place for 2016-2017.* (No net funding change)

Recommendation:

1. Increase all steps on each salary schedule by 0.6% to rectify the parallel salary schedule created by the meet and confer recommendation for the 2014-2015 fiscal year. (Cost of approximately \$420,000).
2. Provide all eligible staff members with a one-time, lump sum stipend/bonus, on a pro-rata basis, which is approximately equivalent to 0.7% of their base pay for the 2016-2017 fiscal year. **This stipend should be paid in January 2017 to all employees still in district employment as of the date of payment.** (Cost of approximately \$514,000).
3. Increase the District's annual fringe benefits contribution toward medical coverage by \$396.60 (increase from \$3,972.00 per year to \$4,368.60 per year) for each covered employee. (Cost of approximately \$435,000).

Scenario D

(Total Cost: Approximately \$855,000)

Assumptions resulting in an approximate \$900,000 net funding increase:

1. *Proposition 123 is approved by the voters on May 17, 2016.* (Funding increase of approximately \$3,100,000)
2. *"Current year funding" goes into effect for 2016-2017.* (Funding decrease of approximately \$1,600,000).
3. *District desegregation funding phase out begins for 2016-2017.* (Funding decrease of approximately \$631,000).

Recommendation:

1. Increase all steps on each salary schedule by 0.6% to rectify the parallel salary schedule created by the meet and confer recommendation for the 2014-2015 fiscal year. (Cost of \$420,000).
2. Increase the District's annual fringe benefits contribution toward medical coverage by \$396.60 (increase from \$3,972.00 per year to \$4,368.60 per year) for each covered employee. (Cost of approximately \$435,000).

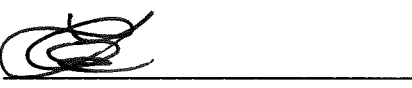
Respectfully submitted to the Governing Board this 14th day of April, 2016 by the following members of the combined meet and confer teams for compensation package terms:


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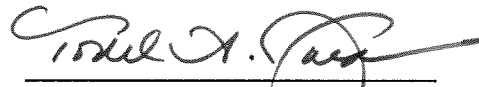

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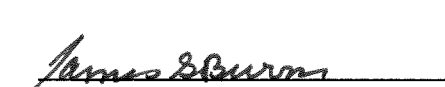

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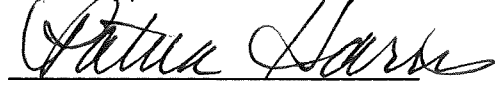
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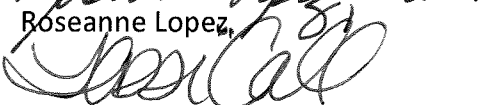

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