



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

DATE OF MEETING: **April 13, 2021**

TITLE: **Approval of Employee Compensation and Pay Rates to be Effective on and after July 1, 2021**

BACKGROUND:

Administration is presenting this agenda item to give the Governing Board an opportunity to consider employee compensation and pay rates beginning July 1, 2021 when Fiscal Year (FY) 2021-22 begins.

This agenda item has typically included a joint recommendation from the meet and confer compensation committee. Unfortunately, that committee was not able to come to a consensus on a compensation package by the end of March as outlined in Policy HD. Therefore, Administration is providing the Board with the following recommendations for a compensation plan for FY 2021-22 to permit the Board the opportunity to consider and approve employee compensation and pay rates to be effective on and after July 1, 2021:

1. Increase the base salary of all eligible District employees by 1.5%.
2. The salary increases described above are based upon a 1.0 FTE.
3. Pay a “301 Stipend” from Prop 301 funds received by the State of Arizona during FY 2021-22 to current employees who are eligible to participate in the District’s 301 Plan for School Year 2021-2022 in a lump sum amount to be determined when final weighted student count numbers are known. This is estimated to be approximately \$400 and shall be paid by the end of December 2021.
4. The District’s contribution to the employee benefit plan shall remain the same.
5. In the event that the District receives funding from Prop 208 that can be used for salaries, it is recommended that the meet and confer compensation committee be reconvened to develop a joint recommendation regarding those funds.

Below is a detailed explanation as to why Administration presents this recommendation. These provisions are in addition to the 3.0% increase in pay that was approved by the Governing Board on March 23, 2021 in the form of a retention stipend for next year. This equates to a 4.5% increase in FY 21-22 for all employees and even higher for 301 eligible staff.

Explanation for Recommendation

In Arizona, school district governing boards are solely responsible to determine employee pay. School boards may develop procedures for obtaining input on employee compensation and pay rates. However, the ultimate responsibility for employee pay always remains with the school district governing body.

The Meet and Confer Process

In the Amphitheater District, the Governing Board has approved Policy HD to establish a “meet and confer” process for employee input on compensation matters. Policy HD authorizes a group of employees representing the interests of non-administrative employees (the AEA team) to meet with a group of administrators representing the interests of the District (the District team) to meet as a committee to develop a joint recommendation for employee compensation for the next fiscal year.

Policy HD does not give away the Board’s right to set employee compensation and pay rates. It only delegates authority annually to the Superintendent to organize a joint meet and confer committee to work together, using a problem-solving process known as “Interest-Based Bargaining” (“IBB”), to develop a joint compensation recommendation for the Board’s consideration. The joint recommendation is vetted by employees before being



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considered by the Governing Board.¹ Each year, the Governing Board has the right to accept, reject or modify the joint recommendation of the meet and confer committee, or it can choose to use an entirely different process for determining employee compensation and pay rates.

Explanation of IBB

The IBB process required by Policy HD is not the typical positional bargaining process that folks envision when picturing employee wage negotiations.² IBB is a collaborative process in which parties work together to find a “win-win” solution to resolve a concern. All meet and confer team members train on the IBB process annually. The training is provided by the Federal Mediation and Conciliation Service.

The IBB strategy focuses on developing mutually beneficial agreements based on the mutual “interests” of the parties.³ Using the IBB process, the AEA team and the District team collaborate to resolve employee concerns by listening to gain an understanding of the other’s interests and then finding a resolution that serves the interests of both parties. Once the problem to be resolved is determined, each team identifies their interests related to the concern. The committee then works together to determine the mutual interests of the committee. Based on those mutual interests, the committee discusses viable solutions to resolve the concern. The committee must reach consensus on a proposed resolution in order for it to be presented to employees for feedback and then to the Governing Board for consideration.

A consensus vote requires a no “thumbs down” vote on the recommendation. The Federal Mediation and Conciliation Service training defines “consensus” as any of the following:

1. “I can say an unqualified ‘yes’ to the decision. I am satisfied that the decision is an expression of the wisdom of the group/participants.”
2. “I find the decision perfectly acceptable.”
3. “I can live with the decision; I’m not especially enthusiastic about it.”
4. “I do not fully agree with the decision and need to register my view about it. However, I do not choose to block the decision. I am willing to support the decision because I trust the wisdom of the group. I am at least 70% comfortable with it.”
5. “I am having difficulty buying this decision. I understand that I must explain why I am having difficulty (reasons, facts, concerns). In addition, I am obligated to offer alternatives or adjustments which the rest of the group finds acceptable. If I am unable to offer up alternatives or adjustments

¹ Policy HD requires the joint recommendation to be given to employees for input first before being presented to the Board. In FY 2018-19, the AEA team did not send the joint recommendation to employees for input. After hearing frustration from employees about this, the Board reviewed Policy HD in FY 2019-20 and included a provision that expressly requires the joint meet and confer committee (the AEA team and the District team) to send the joint recommendation to employees for input before presenting it to the Board. This removed AEA’s sole authority to confirm for the Board that employees approved of the recommendation. Now, Policy HD ensures that all employees are given a chance to provide input on a joint recommendation from the meet and confer process and ensures that the recommendation truly represents the interests of non-administrative employees rather than just AEA members.

² IBB has been known to produce more satisfactory outcomes than traditional positional bargaining. Positional bargaining focuses on a “winner-take-all” approach that considers fixed or opposing viewpoints (aka positions), and it usually results in a compromise where both parties walk away unsatisfied or, worst-case-scenario, with no agreement at all. Whereas, parties who use IBB identify their mutual interests and then use those to help develop a win-win solution for everyone involved.

³ The classic example of IBB is that of a dispute between two parties over a single orange. Both parties take the position that they want the whole orange. Using positional bargaining, the compromise may be to cut the orange in half and give each party one-half. However, by using IBB, each party must explain why it wants the orange -- what its interests are -- which may provide a different, win-win outcome. If one party really wanted to eat the meat of the orange while the other just wanted the peel to use in baking some cookies, both parties benefit by obtaining the full benefits that they seek from the orange, rather than just half.



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which are acceptable to the rest of the group, and even though I still have concerns, I will register those concerns within the group but support the group's decision publicly."

Meet and Confer Timelines

Policy HD sets the following timelines for the meet and confer compensation process, by stating:

- *To the extent possible, the combined salary committees will begin their joint compensation package work in mid-January and conclude their work by the end of March.*
- *Final loop-outs will be held no later than two (2) weeks prior to the committees ending date.*

Notably, the meet and confer teams reviewed Policy HD last year (FY 2019-20) and did not change these timelines. Reason being, employees have made it clear that they want clarity as to the amount of their salary before they are offered a contract to consider for the next fiscal year. Contracts generally need to be issued by the end of April to provide the requisite 15 business days for acceptance identified in A.R.S. § 15-538.01. Thus, to provide this clarity, the meet and confer process generally needs to complete in March to enable sufficient time for the joint compensation committee to gather employee input on the joint recommendation before presenting to the Governing Board for consideration at its regular April Board meeting set to occur on the second Tuesday in April.

Steps to Take When There is No Joint Recommendation before the Timeline Ends

Although the Board has Policy HD in place to assist with development of a compensation plan for the following school year, a joint recommendation is not mandatory for the Board to approve a compensation package for employees for FY 2021-22. As explained above, the determination of employee pay rests solely with the Governing Board through Arizona state statute. See A.R.S. § 15-341. This is specifically noted in Policy HA (Meet and Confer Goals), which states, "*The Governing Board, under law, has the final responsibility of establishing policies for the school system.*"

If the compensation committee is unable to provide a joint recommendation by the end of March, the Board can take action to establish employee compensation and pay rates for next fiscal year through any other means that it wants to pursue. The options available to it include an option to establish employee compensation and pay rates on its own, direct the joint committee to continue meeting until it is able to provide a joint recommendation, or use a different process for gathering employee input.

What Happened in Meet and Confer This Year

In an effort to comply with the timelines in Policy HD, the joint compensation committee stayed later than usual on March 30 in hopes of attaining consensus on compensation recommendation for the Board. The teams spent hours discussing several potential compensation options, but they were not able to reach consensus on any single option.

➤ Identifying the Problem

This year, the teams defined the problem to be solved as: "*How will new and unencumbered M&O funds, that may be received from the State of AZ, be spent?*" Employees were told in the pre-compensation committee survey that the teams would be working to solve this problem and their input was requested on potential solutions.

➤ Consideration of Employee Input

The employees responded by listing their two highest priorities for spending options:

1. Maintain/Decrease Costs Paid by Employees for Insurance
2. Percentage salary raise (all employees get the same percentage raise regardless of years of employment)



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Because not every employee qualifies to receive and/or elects to receive the District's insurance benefits, decreasing the costs of employee benefits does not have an effect on every District employee.

➤ Determining Mutual Interests

The teams then worked to identify their mutual interests to be able to solve the problem before them. The teams developed the following mutual interests:

- Attracting and retaining students
- Valuing all employee groups
- Attracting and retaining employees
- Retaining experienced staff

➤ Identifying Options

The teams considered a variety of options to address the problem. The development and discussion of options took place over several meetings.

➤ Application of Standards

The joint compensation committee consists of 12 voting members and 4 facilitators. The facilitators assist the voting members through the process, but do not vote. Thus, at least 7 committee members need to vote in favor of an option in order for it to be considered for a consensus vote.

After much discussion and valiant work by the facilitators, the committee attained a majority vote for a single option. This enabled the facilitators to review that option against the standards that were previously agreed to by the teams. The option would not be allowed to be considered for a consensus vote unless it satisfied every standard by majority vote as well. The standards agreed to by the joint committee members were:

1. Is it a decision based off of what is best for our students in Amphitheater?
2. Is it fiscally responsible?
3. Is it legal?
4. Does it satisfy the mutual interests?

➤ Consensus Vote

Once the option that received the majority vote was approved as satisfying the standards, it was put to the teams for a consensus vote. After much discussion by the teams, and hard work from the facilitators, the teams were not able to reach consensus (meaning a unanimous "thumbs up" vote) on this option.

Did the Committee Reach an Impasse

Normally, the IBB process would require the facilitators to send the teams back out to do additional research in an effort to find a solution to the problem. Because IBB is different from positional bargaining, the teams are supposed to continue working until a solution is developed. There is no "impasse" as that word is usually defined in traditional employee/management bargaining since an "impasse" denotes a positional stance. IBB is the opposite where the parties avoid taking positions.

However, with the Policy HD deadline looming, the teams agreed that they would not be able to reconvene before the end of March. They decided, instead, to permit the Governing Board to address employee compensation and prepared a communication to employees to advise them as such.

How did Administration Arrive at Its Recommendation

When the joint meet and confer compensation committee determined not to continue working toward a joint recommendation, the District team agreed that Administration would recommend the single option that attained a majority vote from the committee members. This is the option that Administration is now recommending to the Governing Board.



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The one caveat to this is that the state notified school districts about their estimated Prop 301 funding for FY 21-22 on March 31, after the meet and confer process ended. Rather than recall the teams to discuss this funding source, the District is recommending that the Board distribute the funding as appropriate to eligible employees without reserve. There are legal limitations to the use of these funds so the distribution must be limited to the employees eligible to receive it consistent with the District's 301 Plan.

Anticipated Costs of the Recommended FY 2021-22 Compensation Package

The funding required for the compensation changes proposed by Administration exceeds the anticipated new funding provided through the state budget by approximately \$500,000. Nevertheless, Administration recommends that the Governing Board proceed with the proposal because it addresses necessary wage adjustments critical to continued District operations and focuses on a primary goal of the employees identified through the pre-compensation survey. The District can address these additional costs through other budgetary changes without having to go through the Reduction in Force process set forth in Board Policies GCQA and GDQA, or make any significant departmental or programmatic changes. The recommended increase allows the District to maintain "status quo" for the next year while offering a base salary increase to all employees and addressing the needs of our students, families and communities.

RECOMMENDATION:

Administration recommends that the Governing Board approve an increase to base wages for all eligible returning employees (except the Superintendent) in the amount of 1.5% to be effective July 1, 2021. In addition, approve the one-time 301 Stipend for eligible employees as indicated on page one of this agenda item.

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:

**Amphitheater Education Association
Professional Staff Team**

Ann Bonar
Fabienna "Nina" Godlewski
Emily Irwin-Stazenski
Brianna Ronnie - Facilitator

**Amphitheater Education Association
Support Staff Team**

Jimmy Harper
Michael Meridieth
Robert Wacker
Lisa Millerd - Facilitator

District Professional Staff Team

Michael Bejarano
Carol Tracy
Michelle Tong
Tassi Call - Facilitator

District Support Staff Team

Jim Burns
Angela Wichers
Chris Trimble
Chris Gutierrez - Facilitator

INITIATED BY:

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

Date: April 7, 2021

Todd A. Jaeger, J.D., Superintendent