



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

DATE OF MEETING: May 3, 2016

TITLE: **Approval of Meet and Confer Agreement and Compensation Terms for the 2016-2017 Fiscal Year for Certificated, Support, Classified Exempt, Professional Non-Teaching, Administrative, and Administrative Exempt Employee Groups; and**

Approval of Modification to Meet and Confer Agreement and Compensation Terms for the Current (2015-2016) 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 team recently met to develop a recommendation for an employee compensation package for the 2016-2017 (next) fiscal year. In addition, this year's meet and confer process included the rare discussion of a recommendation for the potential modification of the current year's compensation package – a possibility that has been contemplated and included in meet and confer recommendations for several years but not often realized.

This year's recommendation demands a substantial degree of tolerance and understanding of ambiguity and uncertainty. 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 – as is typically the case -- 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.

Proposition 123 offers the potential for a significant increase in district funding for next fiscal year – approximately \$3.1 million in “new” funding. Of course, this amount represents only partial payment of previously unpaid increases that were due under Proposition 301. Then, 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 could decrease by as much as \$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).

The Joint Meet and Confer Teams recommend that the Governing Board:

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 years. (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).

Current Year Compensation Recommendation

For many years, the state budget was unresolved at the time that meet and confer recommendations were finalized. At other times, there was always hope that the District might receive other funding beyond the limited amount allocated at the time the state budget was finalized. For those reasons, the meet and confer committees have often recommended to the Governing Board that the compensation package terms include provision for their reconsideration and revision should new or unexpected funding be realized subsequent to finalization of the package terms.

Last year, the committees recommended this same approach with respect to the current year compensation package. Thus, the current year package included express language that should the District receive additional funding from the state during the 2015-2016 fiscal year (that was not otherwise designated for specific purposes), the committees would meet to further confer on possible use of the unexpected funds for compensation.

If Proposition 123 passes, the District will receive approximately \$2.1 million in the current fiscal year. This obviously would trigger the contingency language for this year's package. Therefore, the meet and confer committees did address the current year package terms as well. Their recommendation is that, should Prop 123 pass, each represented employee who completes their full 2015-2016 employment term receive a one-time stipend of 3% of their base pay. This would be paid to staff as quickly as possible, recognizing that receipt of the requisite funding is necessary.

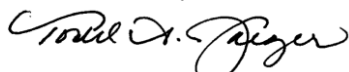
The administration would like to thank the members of the combined meet and confer teams for their diligence, patience and effort in this very complicated fiscal time. It should be noted that all of the recommendations of the committees do contemplate passage of Prop 123. Should that event not occur, however, the teams will need to reconvene to consider alternatives for their recommendation.

RECOMMENDATION:

The Superintendent recommends approval and adoptions of the recommendations of the Joint Meet and Confer Committees for the compensation package terms of certificated, support, and professional non-teaching employee groups for the 2015-2016 fiscal year (revision) and for 2016-2017 fiscal years.

The Superintendent also recommends consistent application of the recommended package terms for the classified exempt, administrative and administrative exempt employee groups.

INITIATED BY:



Todd A. Jaeger, Associate to the Superintendent

Date: April 27, 2016



Patrick Nelson, Superintendent