



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

DATE OF MEETING: **December 6, 2022**

TITLE: **Approval to Increase Pay Rates for Classified Employees Effective January 1, 2023
for Compliance with Arizona’s Minimum Wage Laws**

BACKGROUND:

Arizona’s Minimum Wage Law

In 2016, Arizona voters approved Proposition 206, which created Arizona’s Fair Wages and Healthy Families Act (codified at A.R.S. § 23-362 *et seq.*) and raised Arizona’s minimum wage to \$10.00 per hour effective January 1, 2017. Section 23-363 of the Act requires subsequent annual increases to Arizona’s minimum wage pursuant to the below schedule:

- \$10.50 per hour on January 1, 2018
- \$11.00 per hour on January 1, 2019
- \$12.00 per hour on January 1, 2020
- Inflationary increases on January 1, 2021 and annually thereafter.

Minimum Wage Increase Effective January 1, 2023

Arizona’s minimum wage law currently requires minimum wage increases annually that align with inflationary changes measured each August. With inflation having peaked in August 2022, Arizona’s mandatory minimum wage will increase on January 1, 2023 to \$13.85 per hour.

Amphitheater’s Response to Arizona’s Minimum Wage Law

From 2017 to 2021, Amphitheater Public Schools annually increased its minimum wage to meet the mandatory minimum wage adjustments without addressing the wages of other employees in the same classifications. This occurred because the State of Arizona has not given school districts additional funding to cover the mandatory wage increases. Consequently, the District was only able to implement wage increases those years in a manner that ultimately caused “compression” among existing classified pay level differentials during those years. The limitations of the District’s state funding did not allow wage increases at lower levels to “trickle up” to higher wage levels, bringing both ends of the support salary schedules closer together, *i.e.*, “compressing” them.

On December 7, 2021, the Governing Board approved using one-time savings from Fiscal Year (FY) 2020-2021 in the maintenance and operations fund to re-establish wage differentials between the support staff pay levels effective January 1, 2022. While this was a step toward addressing minimum wage compression, it did not reinstate the differentials between classifications that were in place before Arizona’s mandatory minimum wage law went into place.

The one-time savings was depleted by the Board’s approval on December 7, 2021. The funding increases that the State of Arizona provided school districts this year to address inflation were passed through to employees as a 7.42% wage increase this year, and the state has not given school districts any additional funds to address the \$1.05 minimum wage increase mandated on January 1, 2023.



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

Recommended Wage Increase and Placement Schedule Change

For compliance with the Arizona mandatory minimum wage change, starting pay for pay levels 1-5 on the support staff placement schedule, as well as the hourly pay wage of all classified employees currently earning below the state’s mandatory minimum wage, must be increased to that minimum wage no later than January 1, 2023. Yet, doing this alone, without accounting for differentials between the different pay levels and/or employee experience in the affected classifications, will put the District back into the same “wage compression” situation that it experienced between 2017 and 2021. It will also wipe out the work that the Governing Board did on December 7, 2021 to re-establish wage differentials.

While current funding does not permit a wage adjustment for all employees on the support staff placement schedule like last year, the minimal savings from the multiple vacancies does permit a minor wage adjustment for some classifications in order to maintain a nominal wage differential between the pay levels on the support staff placement schedule. This will keep a pay differential “trickling up” the support staff placement schedule by current budget capacity. It also permits establishing a \$14 minimum wage in the Amphitheater School District to help remain competitive to recruit and hire support staff. This is critical since we already know that the mean starting pay for Pima County school districts will exceed \$14.00 per hour next year.

For this reason, Administration recommends approving the following revisions to the support staff placement schedule and applying wage raises in similar amounts for employees in classifications placed at those levels to become effective January 1, 2023:

Level	Current Min	Increase	New Min
1	\$ 12.80	\$ 1.20	\$ 14.00
2	\$ 12.90	\$ 1.25	\$ 14.15
3	\$ 13.00	\$ 1.30	\$ 14.30
4	\$ 13.10	\$ 1.35	\$ 14.45
5	\$ 13.64	\$ 1.06	\$ 14.70
6	\$ 14.28	\$ 0.72	\$ 15.00
7	\$ 14.83	\$ 0.72	\$ 15.55
8	\$ 15.17	\$ 0.68	\$ 15.85
9	\$ 15.65	\$ 0.60	\$ 16.25
10	\$ 16.46	\$ 0.49	\$ 16.95
11	\$ 17.25	-	\$ 17.25
12	\$ 18.41	-	\$ 18.41
13	\$ 20.03	-	\$ 20.03
14	\$ 21.96	-	\$ 21.96

Moreover, since the new year starts in the middle of pay period 14 (December 25, 2022 to January 7, 2023), Administration recommends that the Governing Board approve these wage increases to begin at the start of pay period 14, rather than waiting until January 1, 2023. Pay adjustment in the middle of a pay period are already tedious for the Payroll Department, but adjustments over the winter break will be even more difficult.

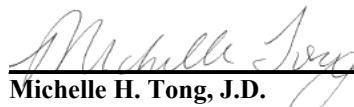
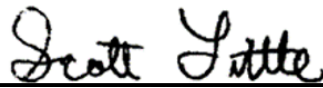


**GOVERNING BOARD AGENDA ITEM
AMPHITHEATER UNIFIED SCHOOL DISTRICT NO. 10**

RECOMMENDATION:

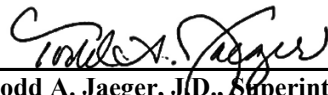
Administration recommends that the Governing Board approve the proposed increase to base wages for eligible classified (hourly) employees to become effective at the beginning of pay period 14, which starts December 25, 2022.

INITIATED BY:

Michelle H. Tong, J.D.
Associate to the Superintendent and General Counsel
and
Scott Little
Chief Financial Officer

Date: November 30, 2022


Todd A. Jaeger, J.D., Superintendent