

Minimum Wage Increase, Compression and Corresponding Support Staff Wages



Minimum Wage

- The Industrial Commission of Arizona (ICA) approved **\$13.85** as the new minimum wage **effective January 1, 2023** - an increase of \$1.05 per hour
 - *Based on the increase in inflation between August 2021 and August 2022, as published by the U.S. Bureau of Labor Statistics' Consumer Price Index*
- Proposition 206 raised Arizona's minimum wage to \$10.00 per hour effective January 1, 2017 and also called for subsequent increases to the minimum wage:
 - \$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 mandates increasing the minimum pay for levels 1-5 on the support staff pay schedule
- Currently 77% of our support staff are in classifications in levels 1-5



Effect of Only Increasing to Minimum Wage

Classified - Support Staff Placement Schedule 22-23

Pay Level	Current Minimum	Mandatory Increase	New Minimum w/ Compression	Personnel at the Pay Level
1	\$12.80	\$1.05	\$13.85	248
2	\$12.90	\$0.95	\$13.85	203
3	\$13.00	\$0.85	\$13.85	182
4	\$13.10	\$0.75	\$13.85	55
5	\$13.64	\$0.21	\$13.85	49
6	\$14.28	-	\$14.28	48
7	\$14.83	-	\$14.83	5
8	\$15.17	-	\$15.17	54
9	\$15.65	-	\$15.65	12
10	\$16.46	-	\$16.46	16
11	\$17.25	-	\$17.25	62
12	\$18.41	-	\$18.41	8
13	\$20.03	-	\$20.03	8
14	\$21.96	-	\$21.96	8





Effects of Keeping District Minimum Wage = with the State

- Most of the neighboring school districts have already approved district minimum wages that exceed the state minimum
- The mean minimum wage in Pima County school districts currently exceeds \$14.00 per hour
- It is difficult for Amphitheater Public Schools to remain competitive and keep positions filled when the District's minimum wage equals the state's mandatory minimum

What is Compression?

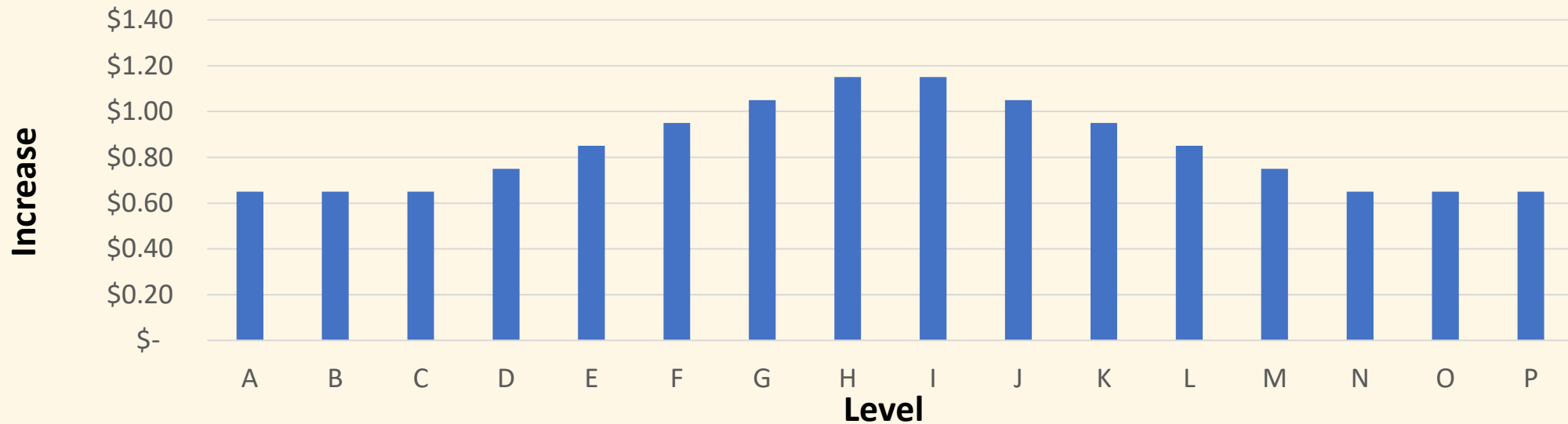
- Compression occurs when:
 - Pay differential between classifications are too small to be considered equitable
 - Lower level positions push up against higher pay levels
 - New employees are compensated at the same or nearly the same rate of pay as currently employed staff





Earlier Effort to Address Minimum Wage Compression

- On December 7, 2021, the Governing Board approved using one-time savings from FY 20-21 to re-establish wage differentials between support staff pay levels
- Employees in classifications on the support staff placement schedule received wage increases in the form of the bell curve displayed below





Option to Maintain Wage Differentials on Support Staff Placement Schedule

Pay Level	Current Minimum	Increase	New Minimum
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

Pros vs. Cons

Pros

- More attractive starting wages to help with competitive recruitment
- Help with retention
- Ensure differentiation between salary/wage levels
- Addresses pay levels most affected by compression

Cons

- Cost
- Uses one-time savings from current vacancies to maintain differentials
- These differentials cannot be maintained indefinitely
- Keeping current pay levels requires differentials to be maintained w/each new increase to minimum wage
- Does not necessarily address market comparability

Summary



- The recommended adjustments are necessary to address the state minimum wage law, maintain differentials between pay levels, and keep positions filled
- Most other districts have already established minimums greater than the upcoming minimum wage of \$13.85
- The cost of maintaining differentials on the support staff pay schedule can be done this year through the one-time savings from vacant positions, but cannot be maintained indefinitely
- Continued adjustments to one placement schedule negatively compresses positions on other placement schedules

