



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

DATE OF MEETING: **March 10, 2026**

TITLE: **Approval to Provide Post-Retirement Employment Opportunities during the 2026-2027 Fiscal Year**

BACKGROUND:

Arizona's school funding formulas pose challenges for public school districts in competing for essential personnel, exacerbated by the ongoing national labor shortage following the "Great Resignation" of 2021. Despite increased employee turnover and rising wages in the market, public schools struggle to keep pace with private industry due to stagnant state funding formulas. As a result, districts face wage compression with each annual minimum wage hike, unable to match the hiring power of private employers who can adjust consumer pricing.

The state's failure to adapt funding to accommodate mandated minimum wage increases since January 2017 further compounds the issue. The shortage of qualified teachers worsens, especially in critical disciplines like math and science, aggravated by retirements and competition from other sectors. Even after the disruptions of the COVID-19 pandemic, teacher attrition remains a pressing concern nationwide.

Federal and state laws mandate high qualifications for educators despite workforce shortages. Amphitheater Public Schools, like many districts, offers salary incentives for hard-to-fill positions and utilizes a third-party arrangement with Educational Services, Inc. (ESI) to retain retirees, preserving valuable skills. Last year, the ESI contract was procured through the Mohave Cooperative, a procurement cooperative approved by the State of Arizona.

Lease-Back Employee Option

Arizona state law permits school districts to lease-back retired personnel from a third-party vendor, like ESI, without violating state retirement rules. The legality of retaining retired teachers and other employees through a third party "lease-back" arrangement is expressly established in A.R.S. § 15-502. It reads in relevant part:

"The governing board may obtain the services of any employee, including teachers, substitute teachers and administrators, by contracting with a private entity that employs personnel required by the school district."

Recognizing that the District has a goal of hiring employees directly when possible, the District has offered a program to lease-back ASRS retirees through a third-party vendor ("TPV"), like ESI, for several years, and participants have been very positive about the opportunity. The program's approval by the Board expires at the end of this fiscal year.

Benefits of Hiring Retired Employees

Permission to hire ASRS retirees in FY 2026-2027, whether by direct-hire or by lease through a TPV, is more important than ever. The District needs to be able to retain the loyal and dedicated employees who have helped

it continue services to students and the community. An employee eligible to retire risks losing retirement payments to which they are entitled if they wait to retire to be able to continue working at the District.

By granting permission to hire ASRS retirees, the District employees who are eligible to retire will benefit because they will not have to wait to retire to continue doing their current job. Instead, they will be able to keep earning an income from the District while also receiving the retirement income that they are eligible to receive. It will also benefit the District by enabling it to retain loyal and trained employees, and by expanding the number of eligible candidates who the District can hire to fill its vacancies. There is also a slight savings when the District hires an ASRS retiree, particularly when the employee is a direct hire, since the alternative contribution owed to ASRS for an ASRS Retiree Return to Work is slightly less than for an employee who participates in the ASRS system.

Proposed Terms and Conditions for Retired Employees

It is proposed that the Board permit the hiring of retirees through a TPV to fill a District position under the following terms and conditions:

1. The post-retirement employment option will be offered for the 2026-2027 fiscal year and allow the retiree's retention through a TPV, such as ESI, as may be selected by the District from the available options through the Mohave procurement cooperative, or its equivalent, beginning on July 1, 2026.
2. This option will be available for all employment classifications in the District who retired with an ASRS-provider less than twelve months (365 calendar days) before July 1, 2026. However, it is recommended that qualified retired individuals who have been separated from direct employment with an ASRS-provider for more than twelve months by July 1, 2026 be hired directly by the District, which will avoid TPV fees for that individual, and, if the retiree is in a position for which a District contract is issued, that the appropriate ASRS Retiree Return to Work contract version be issued for the retired staff member.
3. In the event of an emergency, the Superintendent or designee may appoint a retiree to fill a position on a temporary basis. This temporary appointment may be in effect for only one school year or until the position is otherwise filled, whichever comes first. The temporary appointee may apply for the position and go through the competitive process as stated above.
4. The terms of the retiree's employment with the approved TPV will be determined by the provider in consultation with the District, and the retiree must acknowledge those terms prior to placement with the District.
5. It is further recommended that an ASRS retired employee who is currently working for the District, whether hired through a TPV or by direct hire with the District (once qualified), continue to be compensated at the same rate (prorated by FTE) as this year and receive the benefit of any Board-approved compensation increase that may be approved for FY 2026-2027 if they remain in the same classification. The compensation of any ASRS Retiree Return to Work who is hired as a new hire or who is hired into a different classification from that worked in FY 2025-2026 shall be paid at 100% of the wage for which a non-ASRS retiree would qualify in the same circumstances.
6. Employment transitions between direct hire by the District and employment with the TPV (or vice versa) must occur at the beginning of an academic/fiscal year depending on the retiree's work calendar or at the beginning of the second semester in January. Personnel employed in a grant funded position may only

transition between direct hire by the District and employment with the TPV (or vice versa) at the beginning of an academic/fiscal year.

7. The approved TPV will make and/or pay all appropriate payroll deductions and taxes. The District will pay a service fee to the provider as determined by the District's contract with the vendor. The District will also make the requisite contribution to the ASRS, which does not modify the retiree's retirement benefits.
8. Personnel placed with the District through this program must meet all District, Arizona state and federal qualification standards, including but not limited to, fingerprint/background clearance, certification, endorsement, education level, and licensure.
9. Regardless of their status as employees of a third party rather than the District, all personnel placed with the District must comply with district, state and federal laws, policies, regulations, directives as well as school improvement plans of Amphitheater Public Schools.

RECOMMENDATION:

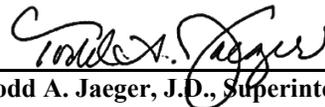
This item is presented for the Board's discussion, consideration and, if desired, approval and direction to the Administration.

INITIATED BY:



John Hastings,
Director of Human Resources

Date: March 2, 2026



Todd A. Jaeger, J.D., Superintendent