

Arizona sees moderate minimum wage increase while Flagstaff's rate leaps \$2 higher

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In 2016, Arizona voters passed the Arizona Fair Wages and Healthy Families Act (also known as Proposition 206). The Act provided for locked-in minimum wage increases each year. Consequently, employers have seen the rate go up from \$8.05 per hour (2016) to \$12 in 2020. The step increases outlined in the Act ended this year, but the rate will still go up slightly—to \$12.15—on January 1, 2021.

Increases now based on CPI

Going forward, the paid sick time statute requires the Arizona Industrial Commission to review the Consumer Price Index (CPI) over the previous 12 months through August to determine whether and to what extent the minimum wage should be raised. An increase for the following January is based on inflationary changes and rounded to the nearest 5-cent increment.

The commission recently announced the modest 15-cent increase to Arizona's minimum wage for 2021 based on a 1.3% rise in the CPI measured in August. The commission will adjust the state's minimum wage similarly in future years, barring any change to the state law. You should check each year to ensure you're keeping up with any changes to the wage rate.

Flagstaff employers make way for larger increase

In the same 2016 election, Flagstaff voters passed a Minimum Wage Act (MWA) (or Proposition 414 on the city ballot). The MWA called for even greater increases to the rate for those employed in the city, with a similar step-by-step approach.

In March 2017, the Flagstaff City Council voted to postpone some of the scheduled increases, giving employers a reprieve from the higher minimum wages. That pause will end soon:

- In 2021, the minimum wage will rise from \$13 per hour to \$15 per hour; and
- Two 50-cent increases are set for 2022 and 2023.

Under the MWA, Flagstaff's minimum wage likewise will increase based on the cost of living. At a minimum, however, the city's minimum wage must remain at least \$2 per hour more than the state's rate.

In addition to the higher minimum wage, Flagstaff employers must provide written notice to all employees about the wage rate as well as individuals' rights under the ordinance at the time of hire. The city has posted the required "Employer Signature Form" on its minimum wage website. At the time of this writing, the 2020 (but not the 2021) form was available in English and Spanish at <https://bit.ly/3jCL3kW>.

Don't forget

All Arizona employers are required to post the minimum wage poster, even if you don't have any employees making the minimum rate. You must change the poster annually, at the beginning of each calendar year, even if the minimum wage doesn't change from the previous year.

The 2021 minimum wage posters are available in English and Spanish on the commission's website. You can find links to them on the Arizona Labor Department's website at <https://bit.ly/30DpTM5>. Flagstaff has additional posting requirements, which you can locate at <https://bit.ly/3jCL3kW>.

To be ready for 2021, update the pay rates for any workers earning minimum wage, and display the correct posters reflecting the new rate (\$12.15 in Arizona and \$15 in Flagstaff).

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