



To: Dr. Steve Kinslow, President

From: Geraldine J. Tucker, Vice President

Date: June 14, 2011

RE: Board Policy F-10, Compensation and Living Wage

We have completed the annual market salary survey and will provide you with various reports on the findings. This report is an update on the impact of the “Living Wage” on ACC’s budget. It is recommended that we implement the Living Wage rate this year, since we did not increase it last year.

In compliance with Board Policy F-10, Employee Compensation, each year HR Compensation adjusts the salaries of the Classified employees in the entry level grades to reflect the “Living Wage”. The living wage is derived from the Universal Living Wage (ULW) and represents the “fair market value of an efficiency of a privately owned, decent, and safe rental housing of a modest nature with suitable amenities”. However, in this current market, data shows that the cost of rental housing is higher than the cost of residential housing thereby inflating the wage rate.

Use of the Living Wage impacts the overall personnel budget. It causes compression with the higher grades that are not adjusted and increases the salary of employees, not based upon education and experience, as is done with all other positions. An example of the impact is as follows:

	ACC Average Salary	Survey Average	ACC Average Salary to Survey Average	ACC Midpoint	FY11 Living Wage
Groundskeeper	\$27,569	\$27,052	102%	\$24,047	\$26,874
Building Attendant	\$28,693	\$23,415	123%	\$24,047	\$26,874

The chart below is information about Living Wage granted in prior years. For FY10 the Board did not match the Living Wage rate since it represented a difference of \$0.31 per hour. For FY11 (effective FY12) the Living Wage rate is \$13.34 per hour. This change would impact 41 current employees. **The cost of the adjustment to move 41 employees to the new Living Wage rate, after the proposed 2% increase, would be approximately \$22,000.** These figures have been included in the FY12 Budget.

History of Living Wage Rates at ACC

HUD Reporting Years	Universal Living Wage Calculation	ACC Living Wage Rate
FY08	\$12.92/hour; \$26,874/year	\$12.92/hour (\$26,874/year) for FY09
FY09	\$12.65/hour; \$26,312/year	\$12.92/hour (\$26,874/year) for FY10 (did not decrease)
FY10	\$13.23/hour; \$27,518/year	\$12.92/hour (\$26,874/year) for FY11 (did not increase)
FY11	\$13.34/hour; \$27,747/year	\$13.34/hour proposed (\$27,747/year) for FY12

Overall Budget Impact

The overall budget impact to implement the \$13.34 per hour Living Wage rate is approximately \$22,000.

If you need additional information, please let me know.