



## Illinois Heartland Library System

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TO: IHLS Finance Committee  
 FROM: Leslie Bednar  
 DATE: January 8, 2020  
 RE: IHLS Minimum Wage Review

At the December 9, 2019 Finance committee meeting, the committee asked for a review of the minimum wage options that have been evaluated by the IHLS staff members. Attached we present you a review of the updated minimum wage options for the IHLS General Fund.

### Background

In February 2019 Governor Pritzker signed an amendment to the state's Minimum Wage Law (820 ILCS 105/1) (also known as [Public Act 101-0001](#)) that put into place an increase in the minimum wage over the next 5 years. The first minimum wage increase took place on January 1, 2020 from the current \$8.25/hour to \$9.25/hour. The minimum wage will continue to increase in increments each year until it reaches \$15.00/hour on January 1, 2025. Below please find a review of this schedule.

| Date       | Minimum Wage | % Increase |
|------------|--------------|------------|
| 01/01/2020 | \$9.25       | 12%        |
| 07/01/2020 | \$10.00      | 8%         |
| 01/01/2021 | \$11.00      | 10%        |
| 01/01/2022 | \$12.00      | 9%         |
| 01/01/2023 | \$13.00      | 8%         |
| 01/01/2024 | \$14.00      | 8%         |
| 01/01/2025 | \$15.00      | 7%         |

In April 2019, our staff began meeting to discuss options for meeting the benchmarks of the legislation. Rhonda Johnsee, Colleen Dettenmeier, Dominique Granger and I considered the ramifications the change would have on many aspects of our organization. We had concerns about feasibility, sustainability, equity or parity for hourly staff and how the adjustment to salary ranges for hourly staff lined up with the ranges of staff across the organization. The new minimum wage schedule impacts 76% of the General Fund staff. Of these staff, there are 5 Full-time and 60 Part-time staff whose wages will require adjustment in order to meet the new minimum wage schedule. We created multiple options initially to address the concerns we identified. The next step was to consider the impact of those options on our budget going forward.

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In July 2019 we meet with Greg McCormick, Illinois State Library Director, to discuss these options that were developed. We have since modified our considerations and a new set of options have been developed.

Recommendation

*Our recommendation is to proceed with Option 1 (attached) for FY2021 with the intent to re-evaluate the options each year based on our System Area & Per Capita funding level.*

Thank you for your consideration, and please let me know if you have any questions.

## IHLS Minimum Wage Options - General Fund Personnel Cost Overview FY2020-FY2025

### Assumptions

All current employees are still with the system in FY2025.

FICA, Unemployment, Workers Comp, IMRF, and Insurance Rates all remain constant to FY2020.

All "Revenue" and "Other Expenses" remain constant to FY2020.

|                                      | <u>Option 1</u> |                 | <u>Option 2</u> |                 | <u>Option 3</u> |                 | <u>Option 4</u> |                 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                      | <u>Amount</u>   | <u>% Change</u> | <u>Amount</u>   | <u>% Change</u> | <u>Amount</u>   | <u>% Change</u> | <u>Amount</u>   | <u>% Change</u> |
| <b>Total Revenue FY20-FY25</b>       | \$ 22,305,833   |                 | \$ 22,305,833   |                 | \$ 22,305,833   |                 | \$ 22,305,833   |                 |
| Total # Employees for General Fund   | 86              |                 | 86              |                 | 86              |                 | 64              |                 |
| <u>Personnel Cost by Year</u>        |                 |                 |                 |                 |                 |                 |                 |                 |
| FY2020                               | \$ 2,487,356    |                 | \$ 2,487,356    |                 | \$ 2,553,296    |                 | \$ 2,621,613    |                 |
| FY2021                               | \$ 2,585,536    | 3.95%           | \$ 2,585,163    | 3.93%           | \$ 2,666,329    | 4.43%           | \$ 2,708,359    | 3.31%           |
| FY2022                               | \$ 2,691,608    | 4.10%           | \$ 2,688,319    | 3.99%           | \$ 2,772,026    | 3.96%           | \$ 2,810,749    | 3.78%           |
| FY2023                               | \$ 2,804,331    | 4.19%           | \$ 2,799,347    | 4.13%           | \$ 2,879,780    | 3.89%           | \$ 2,925,455    | 4.08%           |
| FY2024                               | \$ 2,920,035    | 4.13%           | \$ 2,913,074    | 4.06%           | \$ 2,988,922    | 3.79%           | \$ 3,045,568    | 4.11%           |
| FY2025                               | \$ 3,037,302    | 4.02%           | \$ 3,028,688    | 3.97%           | \$ 3,099,614    | 3.70%           | \$ 3,165,647    | 3.94%           |
| Total Personnel Cost FY20-FY25       | \$ 16,526,169   |                 | \$ 16,501,947   |                 | \$ 16,959,966   |                 | \$ 17,277,392   |                 |
| Other Expenses FY20-FY25             | \$ 7,224,047    |                 | \$ 7,224,047    |                 | \$ 7,224,047    |                 | \$ 7,224,047    |                 |
| <b>Total Expenses</b>                | \$ 23,750,216   |                 | \$ 23,725,994   |                 | \$ 24,184,013   |                 | \$ 24,501,439   |                 |
| Total Revenue Over (Under) FY20-FY25 | \$ (1,444,383)  |                 | \$ (1,420,161)  |                 | \$ (1,878,180)  |                 | \$ (2,195,606)  |                 |

### Description

Option 1: Raise all employees below minimum wage to the minimum wage. Couriers minimum wage is .75 cents greater than Sorters. All other employees receive a standard 3% cost of living increase. An additional increase is given to those affected by minimum wage based on the years of service. \*YOS Differential awarded.

Option 2: Raise all employees below minimum wage to the minimum wage. Couriers minimum wage is .75 cents greater than Sorters. All other employees receive a standard 3% cost of living increase. No YOS Differential awarded.

Option 3: Generator from Consultant. Raise all employees below minimum wage to the minimum wage. All other employees receive a standard 3% cost of living increase. No YOS Differential awarded but an algorithm is used to determine an additional increase.

Option 4: Move all Couriers to Full-Time. Raise all employees below minimum wage to the minimum wage. Couriers minimum wage is .40 cents greater than Sorters. All other employees receive a standard 3% cost of living increase. \*YOS Differential awarded.

### Notes

\*YOS (Years of Service) Differential Awarded = All employees who are impacted by minimum wage will be awarded a percentage increase over minimum wage increase based on Years of Service: 1-3 yrs - 0%; 4-7 yrs - .5%; 8+ yrs - 1%.

The new minimum wage schedule impacts 76% of the General Fund staff.

Of these staff impacted there are 5 Full-time and 60 Part-time staff that will need their wages adjusted in order to meet the new minimum wage schedule.