



## Illinois Heartland Library System

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TO: IHLS Board of Directors  
 FROM: Leslie Bednar  
 DATE: February 18, 2022  
 RE: IHLS Minimum Wage Review

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, 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 January 2020, IHLS staff presented an analysis of the minimum wage impact over fiscal years 2020-2025. The initial minimum wage schedule impact was 76% of the General Fund staff. The analysis included multiple options to address the concerns that were identified. At the time, the board approved 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 to be given to those affected by minimum wage based on the years of service.*

With the approval of this option, the plan was to re-evaluate when there were changes in System Area & Per Capita funding. Since then, there have not been any changes to our funding, but many factors have contributed to a need for consideration of different alternatives to the initial minimum wage choice. These factors include difficulty in hiring for courier positions at the starting wage when compared to other local companies, the challenges in management of current staff with days requested off and/or staff out for extended leave, and the amount of courier turnover.

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In the past three years the number of courier and sorter staff that have left the system:

	Couriers	Sorters	Total
FY2020	14	7	21
FY2021	10	7	17
FY2022 (7 months of the fiscal year)	7	4	11
<b>Total FY20-FY22</b>	<b>31</b>	<b>18</b>	<b>49</b>

Attached, please find the estimated impact of the three options for IHLS minimum wage over the next three fiscal years. Options B and C were shared with the Finance and Executive Committees early this week. The Executive Committee approved moving forward to the board both options, with additional information as Option D. Because no business change seems to move as quickly as we would like, Option D is a more realistic picture of moving from a primarily part-time driving staff to a primarily full-time driving staff.

Recommendation

*Our recommendation is to proceed with Option D (attached) for FY2023 with the intent to re-evaluate as necessary. Option D is a combination of Option B & Option C. We plan to initiate this option with a phased approach during FY2023 as current staff retire or resign with full implementation by FY2024.*

With Option D there are a multitude of benefits to moving to full-time staff, including:

- lower total number of staff to manage
- staff availability to work each day of the week
- reduced turnover (including retention/recruitment cost savings and additional savings of staff time in Operations, Administration, Human Resources, Finance, and Information Technology departments each time an employee is hired or terminated)
  - Approximately \$600 of onboarding and uniform costs per courier
  - Approximately \$1,025 for 41 hours of administrative staff time spent on onboarding and training a new courier
  - Total of approximately \$1,625 spent on onboarding and training a new courier, this does not include costs of the termination
- less oversight when it comes to relaying communications to staff
- time savings from managing part-time employee schedules

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

**IHLS Minimum Wage Options - General Fund Personnel Cost Overview FY2023-FY2025**

**Assumptions**

All current employees are still with the system in FY2025.

Unemployment, Workers Comp, IMRF, and Dental, Vision, & Life Insurance rates projected to increase 4% each year.

Health Insurance projected increase of 10% each year.

All other staff not impacted by minimum wage projected with a 3% increase; with Executive Director at 5% based on this positions current contract. Actual % increases may vary and will be presented to the board for approval in the budget. The projected increase is for an estimated total impact of General fund reserve balance.

All "Revenue" and "Other Expenses" remain constant to FY2022.

Description	Option B		Option C		Option D	
	Option B: Increase Courier starting hourly rate to \$15 in FY23. Full-time and Part-time numbers stay consistent to current levels.		Option C: Increase Courier starting hourly rate to \$15 in FY23. Full-time couriers for all routes with part-time couriers to fill in and part-time sorters.		Option D: Increase Courier starting hourly rate to \$15 in FY23. Transitioning to full-time couriers in FY24 for all routes with part-time couriers to fill in and part-time sorters.	
Total # Full-time Couriers	9		21		21*	*This is reflective of FY24 staffing
Total # Part-time Couriers	30		6		6*	
Total # Part-time Sorters	11		11		11	
Total # Full-time Administrative Staff	21		21		21	
<b>Total # Employees for General Fund</b>	<b>71</b>		<b>59</b>		<b>59</b>	
		<b>\$ Change over</b>		<b>\$ Change over</b>		<b>\$ Change over</b>
	<b>Amount</b>	<b>Current</b>	<b>Amount</b>	<b>Current</b>	<b>Amount</b>	<b>Current</b>
<b>Total Revenue FY23-FY25</b>	\$ 11,102,718		\$ 11,102,718		\$ 11,102,718	
<b>Personnel Cost by Year</b>						
FY2023	\$ 2,822,280	\$ 26,065	\$ 2,973,594	\$ 177,379	\$ 2,822,280	\$ 26,065
FY2024	\$ 2,906,826	\$ 13,403	\$ 3,059,191	\$ 165,767	\$ 3,059,191	\$ 165,767
FY2025	\$ 2,994,158	\$ (511)	\$ 3,147,604	\$ 152,936	\$ 3,147,604	\$ 152,936
<b>Total Personnel Cost FY23-FY25</b>	\$ 8,723,264	\$ 38,957	\$ 9,180,389	\$ 496,081	\$ 9,029,074	\$ 344,767
Other Expenses FY23-FY25	\$ 4,228,101		\$ 4,228,101		\$ 4,228,101	
<b>Total Expenses FY23-FY25</b>	\$ 12,951,365		\$ 13,408,490		\$ 13,257,176	
<b>Estimated Utilization of General Fund Reserve Balances:</b>						
FY2023	\$ (530,741.19)		\$ (682,055.40)		\$ (530,741.19)	
FY2024	\$ (615,287.19)		\$ (767,651.60)		\$ (767,651.60)	
FY2025	\$ (702,618.65)		\$ (856,064.78)		\$ (856,064.78)	
<b>Total Estimated Utilization of General Fund Reserve Balance from FY23-FY25</b>	\$ (1,848,647)		\$ (2,305,772)		\$ (2,154,458)	
<b>Sorter Minimum Wage</b>						
	FY23 - \$13.00 FY24 - \$14.00 FY25 - \$15.00		FY23 - \$13.00 FY24 - \$14.00 FY25 - \$15.00		FY23 - \$13.00 FY24 - \$14.00 FY25 - \$15.00	
<b>Sorter Personnel Costs by Year</b>						
	FY23 - \$150,440		FY23 - \$150,440		FY23 - \$150,440	
	FY24 - \$160,559		FY24 - \$160,559		FY24 - \$160,559	
	FY25 - \$171,170		FY25 - \$171,170		FY25 - \$171,170	
<b>Total Sorter Personnel Costs FY23-FY25</b>	\$ 482,169		\$ 482,169		\$ 482,169	
<b>Courier Minimum Wage</b>						
	FY23 - \$15.00 FY24 - \$15.45 FY25 - \$15.91		FY23 - \$15.00 FY24 - \$15.45 FY25 - \$15.91		FY23 - \$15.00 FY24 - \$15.45 FY25 - \$15.91	
<b>Courier Personnel Costs by Year</b>						
	FY23 - \$921,562		FY23 - \$1,072,876		FY23 - \$921,562	
	FY24 - \$946,361		FY24 - \$1,098,725		FY24 - \$1,098,725	
	FY25 - \$971,904		FY25 - \$1,125,350		FY25 - \$1,125,350	
<b>Total Courier Personnel Costs FY23-FY25</b>	\$ 2,839,827		\$ 3,296,951		\$ 3,145,637	
<b>Administrative Personnel Costs by Year</b>						
	FY23 - \$1,750,278		FY23 - \$1,750,278		FY23 - \$1,750,278	
	FY24 - \$1,799,907		FY24 - \$1,799,907		FY24 - \$1,799,907	
	FY25 - \$1,851,084		FY25 - \$1,851,084		FY25 - \$1,851,084	
<b>Total Administrative Personnel Costs FY23-FY25</b>	\$ 5,401,268		\$ 5,401,269		\$ 5,401,268	
<b>Total All Personnel Costs FY23-FY25</b>	\$ 8,723,264		\$ 9,180,389		\$ 9,029,074	

Factors that contribute to differences in impact from the previous minimum wage analysis include: Additional positions added to the General fund, Salary Benchmarking Project Part I & II that have impacted salaries of General fund staff. Vehicles were previously purchased through the Capital Projects fund and now are purchased through General fund.