



Illinois Heartland Library System

TO: IHLS Board of Directors
FROM: Leslie M. Bednar
DATE: January 24, 2020
RE: IHLS Minimum Wage Review

Attached please find a review of minimum wage options evaluated by IHLS staff members for the IHLS General Fund. It has been shared with the Finance and Executive Committees.

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. No IHLS staff were impacted by this increase as our current lowest starting wage is \$9.50/hour. The state 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 achieving the benchmarks of the legislation. Rhonda Johnisee, 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 our 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.

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

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options have been developed. There are four options that are presented on the following attachment 18.2b IHLS Minimum Wage Options. Please note: On this attachment, Option 1 was developed based on the premise of \$11.00/hour minimum wage effective July 1, 2020—it features only one minimum wage increase per year FY2021 – FY2025.

It is our intent to reevaluate the options each year based on our System Area & Per Capita funding level.

Executive Committee Feedback

At their January 15 meeting, the Executive Committee:

--moved the minimum wage information forward to the Board

--requested detailed salary information regarding hourly staff impacted in the General Fund

for Option 1: The committee requested FY2020 hourly rates and FY2021 hourly rates with minimum wage increases on both July 1 and January 1. As described in Option 1, all hourly staff rates will change in FY2021 due to the minimum wage increase(s), cost of living increase, and/or year of service differential. This information is found in attachment 18.2c IHLS Minimum Wage – Detail Wages. Additionally, the committee requested a cost comparison of Option 1 with the two minimum wage increases in FY2021 (July 1 and January 1), vs. the staff-recommended single increase to \$11.00/hour minimum wage effective July 1. This information is found in attachment 18.2d FY2021 General Fund Courier & Sorter Personnel Cost Comparison.

--recommended Option 1 for FY2021, as long as the Board determines the number of hourly increases in FY2021

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>
Total Revenue FY20-FY25	\$ 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	
Total Expenses	\$ 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.

Each Option features only one minimum wage increase per year FY2021 - FY2025.

IHLS Minimum Wage - Detail Wages
General Fund Courier & Sorter Hourly Wage Structure

	<u>FY2020</u>	<u>FY2021 - July</u>	<u>FY2021 - January</u>
Sorter	\$ 9.50	\$ 10.00	\$ 11.00
Sorter	\$ 9.50	\$ 10.00	\$ 11.00
Sorter	\$ 9.50	\$ 10.00	\$ 11.00
Sorter	\$ 9.50	\$ 10.00	\$ 11.00
Sorter	\$ 9.79	\$ 10.08	\$ 11.00
Sorter	\$ 9.79	\$ 10.08	\$ 11.00
Sorter	\$ 9.79	\$ 10.08	\$ 11.00
Sorter	\$ 10.08	\$ 10.38	\$ 11.00
Sorter	\$ 10.08	\$ 10.38	\$ 11.00
Sorter	\$ 10.08	\$ 10.38	\$ 11.00
Courier	\$ 10.24	\$ 10.75	\$ 11.75
Courier	\$ 10.24	\$ 10.75	\$ 11.75
Courier	\$ 10.24	\$ 10.75	\$ 11.75
Courier	\$ 10.24	\$ 10.75	\$ 11.75
Courier	\$ 10.24	\$ 10.75	\$ 11.75
Courier	\$ 10.24	\$ 10.75	\$ 11.75
Courier	\$ 10.24	\$ 10.75	\$ 11.75
Courier	\$ 10.24	\$ 10.75	\$ 11.75
Sorter	\$ 10.42	\$ 10.73	\$ 11.06
Sorter	\$ 10.42	\$ 10.73	\$ 11.06
Courier	\$ 10.55	\$ 10.87	\$ 11.75
Courier	\$ 10.55	\$ 10.87	\$ 11.75
Courier	\$ 10.55	\$ 10.87	\$ 11.75
Courier	\$ 10.55	\$ 10.87	\$ 11.75
Courier	\$ 10.55	\$ 10.87	\$ 11.75
Courier	\$ 10.55	\$ 10.87	\$ 11.75
Courier	\$ 10.87	\$ 11.20	\$ 11.75
Courier	\$ 10.87	\$ 11.20	\$ 11.75
Courier	\$ 10.87	\$ 11.20	\$ 11.75
Courier	\$ 10.87	\$ 11.20	\$ 11.75
Sorter	\$ 11.25	\$ 11.59	\$ 11.59
Courier	\$ 11.25	\$ 11.59	\$ 11.81
Courier	\$ 11.25	\$ 11.59	\$ 11.81
Courier	\$ 11.25	\$ 11.59	\$ 11.81
Courier	\$ 11.25	\$ 11.59	\$ 11.81
Sorter	\$ 11.59	\$ 11.94	\$ 11.94
Courier	\$ 11.59	\$ 11.94	\$ 11.94
Courier	\$ 11.59	\$ 11.94	\$ 11.94
Courier	\$ 11.59	\$ 11.94	\$ 11.94
Sorter	\$ 11.59	\$ 11.94	\$ 11.94
Courier	\$ 11.59	\$ 11.94	\$ 11.94
Courier	\$ 11.59	\$ 11.94	\$ 11.94
Courier	\$ 11.64	\$ 11.99	\$ 11.99

IHLS Minimum Wage - Detail Wages

General Fund Courier & Sorter Hourly Wage Structure

	<u>FY2020</u>	<u>FY2021 - July</u>	<u>FY2021 - January</u>
Courier	\$ 11.64	\$ 11.99	\$ 11.99
Courier	\$ 11.64	\$ 11.99	\$ 11.99
Courier	\$ 11.64	\$ 11.99	\$ 11.99
Courier	\$ 11.64	\$ 11.99	\$ 11.99
Courier	\$ 11.64	\$ 11.99	\$ 11.99
Courier	\$ 11.64	\$ 11.99	\$ 11.99
Courier	\$ 11.64	\$ 11.99	\$ 11.99
Courier	\$ 11.69	\$ 12.04	\$ 12.04
Courier	\$ 11.69	\$ 12.04	\$ 12.04
Courier	\$ 11.69	\$ 12.04	\$ 12.04
Courier	\$ 11.69	\$ 12.04	\$ 12.04
Courier	\$ 12.44	\$ 12.81	\$ 12.81
Courier	\$ 12.44	\$ 12.81	\$ 12.81
Courier	\$ 13.01	\$ 13.40	\$ 13.40
Courier	\$ 13.57	\$ 13.98	\$ 13.98
Courier	\$ 13.57	\$ 13.98	\$ 13.98
Courier	\$ 13.57	\$ 13.98	\$ 13.98
Courier	\$ 13.91	\$ 14.33	\$ 14.33
Courier	\$ 14.50	\$ 14.94	\$ 14.94
Courier	\$ 14.82	\$ 15.26	\$ 15.26
Courier	\$ 14.82	\$ 15.26	\$ 15.26

FY2021 General Fund Courier & Sorter Personnel Cost Comparison

	Option 1 - Single Minimum Wage Increase	Option 1 -July/January Two Minimum Wage Increases	Cost Difference
FY2021 - July	\$ 964,892	\$ 469,001	
FY2021 - January		\$ 482,819	
Total Personnel Cost Couriers and Sorters	\$ 964,892	\$ 951,820	\$ 13,072