



Illinois Heartland Library System

TO: IHLS Finance Committee
 FROM: Leslie Bednar
 DATE: February 11, 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 and the challenges in management of current staff with days requested off and/or staff out for extended leave. Attached, please

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find the estimated impact of the four options for IHLS minimum wage over the next three fiscal years.

Recommendation

Our recommendation is to proceed with Option C (attached) for FY2023 with the intent to re-evaluate as necessary. 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 C 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)
- 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 current contract.

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

	<u>Option A</u>		<u>Option B</u>		<u>Option C</u>		<u>Option D</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 FY23-FY25	\$ 11,102,718		\$ 11,102,718		\$ 11,102,718		\$ 11,102,718	
Total # Employees for General Fund	71		71		59		59	
<u>Personnel Cost by Year</u>								
FY2023	\$ 2,796,215		\$ 2,822,280		\$ 2,973,594		\$ 2,966,603	
FY2024	\$ 2,893,424	3.48%	\$ 2,906,826	3.00%	\$ 3,059,191	2.88%	\$ 3,051,989	2.88%
FY2025	\$ 2,994,668	3.50%	\$ 2,994,158	3.00%	\$ 3,147,604	2.89%	\$ 3,140,186	2.89%
Total Personnel Cost FY23-FY25	\$ 8,684,307		\$ 8,723,264		\$ 9,180,389		\$ 9,158,779	
Other Expenses FY23-FY25	\$ 4,228,101		\$ 4,228,101		\$ 4,228,101		\$ 4,228,101	
Total Expenses FY23-FY25	\$ 12,912,408		\$ 12,951,365		\$ 13,408,490		\$ 13,386,880	
Total Utilization of General Fund Balance FY23-FY25	\$ (1,809,690)		\$ (1,848,647)		\$ (2,305,772)		\$ (2,284,162)	

Description	Option A: Raise all employees below minimum wage to the minimum wage. Full-time and Part-time numbers stay consistent to current levels.	Option B: Increase Courier starting hourly rate to \$15. Full-time and Part-time numbers stay consistent to current levels.	Option C: Increase Courier starting hourly rate to \$15. 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 \$14.75. Full-time couriers for all routes with part-time couriers to fill in and part-time sorters.
Sorter Minimum Wage	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	FY23 - \$13.00 FY24 - \$14.00 FY25 - \$15.00
Sorter Personnel Costs	FY23 - \$150,564 FY24 - \$160,755 FY25 - \$171,521 Total: \$482,840	FY23 - \$150,440 FY24 - \$160,559 FY25 - \$171,170 Total: \$482,169	FY23 - \$150,440 FY24 - \$160,559 FY25 - \$171,170 Total: \$482,169	FY23 - \$150,440 FY24 - \$160,559 FY25 - \$171,170 Total: \$482,169
Courier Minimum Wage	FY23 - \$13.75 FY24 - \$14.75 FY25 - \$15.75	FY23 - \$15.00 FY24 - \$15.45 FY25 - \$15.91	FY23 - \$15.00 FY24 - \$15.45 FY25 - \$15.91	FY23 - \$14.75 FY24 - \$15.19 FY25 - \$15.65
Courier Personnel Costs	FY23 - \$895,373 FY24 - \$932,762 FY25 - \$972,063	FY23 - \$921,562 FY24 - \$946,361 FY25 - \$971,904	FY23 - \$1,072,876 FY24 - \$1,098,725 FY25 - \$1,125,350	FY23 - \$1,065,885 FY24 - \$1,091,524 FY25 - \$1,117,933
Years of Service Increase	*Yes	No	No	No

*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: Step 1: 1-3 yrs - 0%; Step 2: 4-7 yrs - .5%; Step 3: 8+ yrs - 1%.

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 in General fund staff. Vehicles were previously purchased through the Capital Projects fund and now are purchased through General fund.