

Minimum Wage Law Implementation

Background:

Illinois has implemented a new minimum wage law. The current minimum wage is \$8.25 per hour. The new minimum wage will be:

2019	\$ 8.25	
2020	\$ 10.00	(21.2% Increase)
2021	\$ 11.00	(10.0% Increase)
2022	\$ 12.00	(9.1% Increase)
2023	\$ 13.00	(8.3% Increase)
2024	\$ 14.00	(7.7% Increase)
2025	\$ 15.00	(7.1% Increase)

Minimum Wage Implementation Notes And Recommendations:

* Using our formula of the projected inflation rate x 1.33, the Library's average annual pay raise since 2001 has been approximately 2.5%.

* All of the Library's employees are paid more than the current minimum wage of \$8.25; however, two began the year below the \$10.00 minimum wage called for in 2020. To bring these employees up to the 2020 minimum wage would require a pay raise of approximately 8.2%, but will have a negligible impact on the Library's payroll. Employees near, but just above, the minimum wage are referred to as being in the "compression zone" that may be included in the next year's minimum wage mandate or be otherwise eligible for adjustment.

* **Increasing all 54 employees pay by 8.2%** for 2020 would result in a payroll increase of \$169,843. This item alone would raise 2020 payroll costs by 7.3% and increase the total Library budget by 4.4%. The financial burden of this approach would become more crushing each successive year from 2021 through 2025. No known source of funding is available to implement this option.

* **Increasing currently making under \$13 per hour by 8.2% for 2020, and all others by 2.5%**, would result in a payroll increase of \$49,041. This item alone would raise 2020 payroll costs by 2.1% and increase the total Library budget by 1.27%. Although not unmanageable for 2020, the budget impact of this option, as more and more employees fall into the compression zone, will become unsustainable as the minimum wage increases, especially as we move into years 2022 – 2025.

* **Increasing those currently making under \$10 per hour by 8.2% for 2020 to get them to the new minimum wage, and all others by approximately 2.5% (expected inflation rate x 1.33)**, would result in a payroll increase of \$40,640. This item alone would raise 2020 payroll costs by 1.7% and increase the total Library budget by 1.05%. This option is sustainable with known funding sources.

The Personnel Committee recommends the following option for implementation of the new minimum wage mandates in 2020:

1. In November of the current year, ensure that no one is below the minimum wage for the coming year by raising them to at least the coming year's minimum wage with funds from the "Salary Adjustment Fund" on the Pay Rate Spreadsheet.
2. At the beginning of the New Year, everyone gets projected inflation rate x 1.33 as calculated.
3. During the year, review positions in the compression zone for salary adjustments supported by increases in duties, and whenever a position is vacant, review for reduction or elimination by attrition.