Minimum Wage Impact on Illinois Counties
Illinois Minimum Wage Implementation Schedule

Increases after July 1, 2020, would occur on Jan. 1 of each year

Impact depends on where your begin your climb
Base Compensation Plus Employer Costs

- Current Total Cost
- Minimum Increase
- Employer Paid Taxes
- IMRF Increase
- Workman’s Comp Premium

New Total Cost = Current Total Cost + Minimum Increase + Employer Paid Taxes + IMRF Increase + Workman’s Comp Premium
Employer Paid Expenses Per Employee

Impacting:

- Social Security Levy (based on higher rate)
- IMRF Levy (based on higher rate)
- General Fund - Insurance (Workman’s Comp Rate)
EAV or Rate Change

- County A has an EAV of about $55,000 across all involved funds
- Fund growth is compounding while the rate remains constant
- Labor Costs are typically aligned to organic growth
- In the County A Example, Labor exceeds Organic Growth

![Chart showing EAV Organic Growth and Tax Rate from 2020 to 2025.]

$33,000
County A (20,000 – 30,000 population, inter-state, rail head, medium industry)

The Cost of Entry Level Employees Increase by 38%

<table>
<thead>
<tr>
<th></th>
<th>Hourly</th>
<th>Annualized</th>
<th>Employer Paid Tax</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$9.25</td>
<td>$16,835.00</td>
<td>$2,188.55</td>
<td>$19,023.55</td>
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<tr>
<td>2020</td>
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<td>$18,200.00</td>
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<td>$20,566.00</td>
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<tr>
<td>2025</td>
<td>$15.00</td>
<td>$27,300.00</td>
<td>$3,549.00</td>
<td>$30,849.00</td>
</tr>
</tbody>
</table>
County A (20,000 – 30,000 population, inter-state, rail head, medium industry)

24 of 55 Employees Impacted
County A (20,000 – 30,000 population, inter-state, rail head, medium industry)

24 of 55 Employees Impacted
County A (20,000 – 30,000 population, inter-state, rail head, medium industry)

Years of Service

100% Organized Labor - Two Bargaining Units – Synchronized Negotiation

Impacted Employees
### The Cost of Entry Level Employees Increase by 22%

<table>
<thead>
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<tr>
<td><strong>Current</strong></td>
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<tr>
<td><strong>2025</strong></td>
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<td>$3,549.00</td>
<td>$30,849.00</td>
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</tbody>
</table>

County B (5,000 – 10,000 population, inter-state, agri-business, coal, light industry)
County B (5,000 – 10,000 population, inter-state, agri-business, coal, light industry)

7 of 36 Employees Impacted

Labor Cost Increase Per Year

- Current Trend
- Future Trend

Year | Current | Future
--- | --- | ---
2020 | $15,639 | $16,596
2021 | $15,952 | $17,408
2022 | $16,271 | $23,797
2023 | $17,408 | $26,643
2024 | $16,928
2025 | $17,267
10 Year Projection of Impact on Entry Level
Years of Service

Two of Eight Department in Bargaining Unit

Impacted Employees

County B (5,000 – 10,000 population, inter-state, agri-business, coal, light industry)
County B (5,000 – 10,000 population, inter-state, agri-business, coal, light industry)
The Cost of Entry Level Employees Increase by 36%

<table>
<thead>
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<th>Year</th>
<th>Hourly</th>
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<th>Employer Paid Tax</th>
<th>Total</th>
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<tbody>
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<td>Current</td>
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<tr>
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<td>$2,366.00</td>
<td>$20,566.00</td>
</tr>
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</tr>
</tbody>
</table>
8 of 24 Employees Impacted

County C (5,000 population, agri-business, no inter-state, no rail head)

Labor Cost Increase Per Year

- 2020: $915
- 2021: $3,660
- 2022: $5,033
- 2023: $9,608
- 2024: $14,001
- 2025: $14,281

Current: $25,443
Negotiated Plus Min: $25,835
County C  (5,000 population, agri-business, no inter-state, no rail head)

8 of 24 Employees Impacted

10 Year Projection of Impact on Entry Level
County C (5,000 population, agri-business, no inter-state, no rail head)

Years of Service

One of Eight Department in Bargaining Unit

Impacted Employees

Series2
County C (5,000 population, agri-business, no inter-state, no rail head)

8 of 24 Employees Impacted

Longevity Value

- 74% for 3 to 10
- 68% for 3 to 21
- 66% for 3 to 10
- 61% for 3 to 21
- 56% for 3 to 10
- 49% for 3 to 21
- 46% for 3 to 10
- 37% for 3 to 21
- 31% for 3 to 10
- 24% for 3 to 21
- 24% for 3 to 10
- 18% for 3 to 21
The Challenge

- State Mandated Increased Labor Costs
- Organized Labor Pressure
- Exceeding the EAV Organic Growth in a PTEL Counties
- Exceeding General Fund Caps
What Can Be Done?

Allocate Permitted Expenses to Other Funds

- Centralized Services
- Risk / Training / Equipment
- Facilities Costs

Other | Other | General Fund | PBC | Tort
What Can Be Done?

Insulate Departments by Ensuring Fees Cover all Labor and Service Costs

- Clerk / Recorder
- Sheriff
- Animal Control
- Environmental Health
What Can Be Done?

Deferring Capital Improvements Comes at a Cost

- Vehicle Replacements ➔ Increase Maintenance Cost
- Facilities Upgrades ➔ Decreased Utilities Costs
- Software Upgrades ➔ Service Interruptions
- Communication Upgrades ➔ Service Interruptions
What Can Be Done?

Aggressively Pursue Collections

- Design Effective Collection Strategies
  - Report and Monitor Accumulating Receivables
  - Leverage Multiple Strategies
    - Smart Collection Contracts
    - Illinois Comptroller Programs
- Monitor Collections Using Strong Tracking Tools
What Can Be Done?

Force Reduction

Labor Agreements Cause Force Reduction to Impact Lowest Paid Employees in Critical Positions

Dispatch

Corrections

Patrol

Clerical
What Can Be Done?

- Reduce Benefits Costs
- Benefits
- Employer
- Paid Tax

Assured To Be Met With Bargaining Unit Resistance
Bellwether Has Helped Illinois Counties with:

- Fee Based Revenue Improvements
- Budget Development and Tracking
- Department Operations Review
- Labor Contract Valuation
- Staffing Models / Gap Impact Analysis
- Issue Management
- Inter-Governmental Agreement Valuation
- Public Hearing Planning / Facilitation
- Media / Public Affairs Support

How can we help you?

Bellwether, LLC
Management Services & Consulting