

July 15, 2016

David P. Mortimer, M.Div.  
Supervisor, District 16  
Eau Claire County Board

Mr. Mortimer,

I appreciate your request for further information regarding the potential impact of the Living Wage Ordinance (LWO) on our company, and likely any human service provider.

Brotoloc North has provided residential services to the most vulnerable residents of Eau Claire County since 1964. We support the community integration of adults with developmental disabilities, mental illnesses, traumatic brain injuries and physical disabilities with around the clock supervision. Brotoloc North employs about 250 people throughout the northern half of Wisconsin.

In principle, I support and understand the need to increase the minimum wage, so that people can live comfortably. Over the last couple of years, Brotoloc North has steadily increased the wages of our current employees and increased the starting wages of new employees. We have also considerably decreased our overhead by streamlining our corporate and regional offices. Our current average wage for our direct care employees is well over \$10/hour. We also provide fringe benefits to our employees. If we consider our entire compensation package, it equals over \$17/hour.

We would like nothing more than to pay our employees even more. However, our ability to produce the revenue to do so is directly related to the Medicaid and Medicare dollars that are available from the State to be used by our payors. There have been fewer and fewer of those dollars made accessible at all, let alone to use for direct care. We have not asked for a rate increase from any County for several years in order to help them maintain their human service budgets, and have done this in an era of decreased revenue, as Managed Care Organizations have slashed rates. At this point, though we are a for-profit company, we have very little profit.

I have great concern that the LWO, as it is currently written, would result in significant financial strain to Brotoloc North. If we were to raise the wages of only those employees who serve Eau Claire County contracted residents to what is proposed, the initial impact could be over \$500,000 in the first year. That would not be sustainable if our revenue stayed the same. If we factor in other counties that have and will propose similar legislation, the impact on our entire company could be well over \$1,200,000. Either outcome would force us to minimize or cease offering such fringe benefits as Health Insurance, Cafeteria Plans and Retirement Plans.

We have enjoyed our relationship with the County and believe our contracts have been mutually beneficial. However, should the ordinance pass as written, we would strongly consider discontinuing our contract with Eau Claire County. It saddens me to think of the impact on the 30 vulnerable people who would have to seek services elsewhere.

Again, though I see the need for a minimum wage increase, I ask the County to be thoughtful about the implications of such legislation. Employers are already correcting the situation. Please allow them to do so on a sustainable timeline.

Sincerely,



Joel D. Breed, MSW  
President  
Brotoloc North

**BROTOLOC HEALTH CARE SYSTEMS, INC.**

**The Company's Cost for Fringe Benefits for 2016**

Full-time Hourly QRCS	Average Wage		\$10.00	\$12.84	\$15.00
	Annual Wages		\$20,800.00	\$26,707.20	\$31,200.00
<b>Fringe Benefits Cost per Hour</b>					
	Month	Year	Fulltime	Fulltime	Fulltime
Family Health Plan - 2004 rates	\$800.00	\$9,600.00	\$4.62	\$4.62	\$4.62
Meals at Work	\$50.00	\$600.00	\$0.29	\$0.29	\$0.29
Paid Time Off - hours after 1 year	128.0	\$1,280.00	\$0.62	\$0.62	\$0.62
Group Life Insurance	\$4.05	\$48.60	\$0.02	\$0.02	\$0.02
Short-term Disability Insurance	\$12.60	\$151.20	\$0.07	\$0.07	\$0.07
Employee Assistance Program	\$3.75	\$45.00	\$0.02	\$0.02	\$0.02
Cafeteria Plan	\$6.00	\$72.00	\$0.03	\$0.03	\$0.03
Worker Compensation Insurance		2.35%	\$0.24	\$0.30	\$0.24
Unemployment Compensation Ins.		\$410.00	\$0.20	\$0.20	\$0.20
SEP - Retirement Plan Contribution		3.00%	\$0.30	\$0.39	\$0.45
FICA -(Social Security&Medicare)		7.65%	\$0.77	\$0.98	\$1.15
<b>Total Fringe per Hour</b>			\$7.17	\$7.54	\$7.70
			71.69%	58.71%	51.34%
Annual Fringe Costs			\$14,910.80	\$15,678.74	\$16,018.40
Annual Wages and Fringe Costs			\$35,710.80	\$42,385.94	\$47,218.40
			200	200	200
			\$7,142,160	\$8,477,187	\$9,443,680

6/8/2016