

COMMITTEE ON HUMAN RESOURCES

Friday, June 10, 2016, 1:30 p.m., Room 1301/1302

Location: Eau Claire County Courthouse
721 Oxford Avenue, Eau Claire, WI 54703

MINUTES

Members Present: Kathleen Clark, Mark Beckfield, Mike Conlin, Sue Miller, Judith Gatlin

Staff Present: Kathryn Schauf, Jamie Gower, Jill Mangus

Other Staff Present: Diane Cable, Scott Rasmussen, Jennifer Owen, Keith Zehms, Frank Draxler,
Amy Sires

Jon Johnson arrived at 2:06 p.m.

Members of the Public: Jack Connell, Eleanor Wolf, Jim Dunning, Steve Carlson, Myron Buchholz,
Jason Endres, Gerald Wilkie, Colleen Bates, Jeremy Gragert

Chair Kathleen Clark called the meeting to order and certified compliance with Open Meetings Law at 1:30 p.m.

Review and approve minutes of the May 13, 2016 meeting:

Motion Mike Conlin to approve minutes of the May 13, 2016 meeting as written. Motion carried 5 -0.

Report on the Living Wage Ordinance, requesting an extension for discussion purposes pursuant to Eau Claire County Code 2.04.160 C/Information/Discussion/Action:

Motion Mike Conlin to approve an extension of up to 60 days. Motion carried 3 for and 2 against.

The Committee on Human Resources is asking for additional time (up to 60 days) to receive information on the impact of the Living Wage Ordinance and need sufficient time to review before action can take place.

The following Living Wage Survey information was also provided by Diane Cable, Human Services Director.

Summary of Living Wage Survey Pertaining to Department of Human Services Contracts June 2016

In response to the Living Wage Ordinance proposal, the Department of Human Services distributed a survey to thirty one providers who contract with the Department. Twenty six of the thirty one providers would need to comply with the Living Wage Ordinance, if passed. Of the 31 surveys distributed, 10 were returned. Of the 10 returned surveys, 6 would be required to comply with the LWO, if enacted.

The general response to the returned surveys reflected that providers would continue to contract with Eau Claire County if the fiscal impact of the Living Wage Ordinance was fully funded.

General Cost / Benefit Analysis

(Summary reflects the 6 responses)

The respondents indicate support of a Living Wage Ordinance, **if fully funded**. Responses reflect that operations would be significantly impacted if they were not fully funded and would be significantly impacted if they were not able to contract with Eau Claire County. In addition noted, that without fully funding the LWO would impact those being served, staff, and the community. The responses to the benefit of the enactment of the LWO related to a positive impact to retention and recruitment, providing for a more stable environment for service delivery, which can lead to enhanced and improved outcomes.

From the responses, the number of staff providing contracted services is 196 employees and their overall count of employees below \$12.84 is 1282 staff. Some of the respondents identified a current wage of \$8.50/hr and \$10.00/hr. To estimate the cost impact on our current contracts we applied the percentage of difference between the current wage and \$12.84, (\$8.50: 51.1% change and \$10.00: 28.4% change) and applied the percentage increase to a couple of the contract amounts of some of the providers who responded:

Contract Amount	51.1% cost increase/ Total with LWO	28.4% increase/ Total with LWO
\$584,717	\$269,432/ \$854,149	\$149,864/ \$734,581
1,619,343	\$358,172 / \$1,977,515	\$ 643,939 / \$2,263,282

Respondents indicated a range increase from \$28,000 to \$2,900,000 was needed to fully fund the LWO. All identified that the cost would not just apply to the contracted staff but they would need to attend to the internal equity and compression issues.

As noted, the benefits of the enactment would include retention and recruitment of staff in an area that often experiences high turnover. We know that consistency of staff is imperative for positive and healthy outcomes of the service being delivered.

Summary of responses:

Question 1 & 2: Number and Percent of Employees who are below minimum wage:

# Total Staff below \$12.84	# Staff for ECC contract below \$12.84	% of all Staff below \$12.84	% of staff for ECC contract below \$12.84
363	25	36%	30%
192	97	76%	39%
216	17	90%	90%
440	17	78%	81%
33	33	87%	87%
38	7	58%	11%

Totals:			
1282	196	36-90%	11-90%

Question 3: Will the LWO increase employee retention or attraction?

- Uncertain
- Possibly both, but would need to adjust for internal equity and compression issues. If the compression issue is not addressed, it could impact retention and attraction of employees
- Assume greater employee retention
- May attract new employees as a result of higher wages, however, may not be financially feasible
- Without funds to support, would be unable to retain staff and would be faced with reducing services and workforce
- If it was affordable, yes

Question 4: Cost/Benefit to the Organization

- Uncertain. Cost to organization would be about 28-30k annually
- \$55,000 annually would be the immediate impact. Does not include cost to attend to wage compression
- Ability to support would be tied directly to being compensated at a level to support increase
- At the projected living wage of 130%, all costs, including fringe benefits would be over 2 million dollars. See very little benefit with the exception for the potential for less employee turnover
- With the anticipated 5% increase each year the expense for wages alone would be \$1,650,000 for the ECC area and \$125,000 for the ECC Human Services contracts. Our business and industry cannot support this due to the funding cuts that have occurred since 2009.
- Unsure

Question 5: Assuming you continue to contract and LWO enacted, what will be the total 2017 increased salary cost to your organization

- An additional \$85.46 per hour worked
- \$28-30,000
- \$55,000
- Increase would need to be equitable across the organization. At \$8.50/hr at 13,000 hrs/week would come to \$2,933,840 annually. Does not take into account the progression of increase. Supports increased wages for employees, but someone will need to cover this increased expense
- \$816,000 (wages & benefits)
- Eau Claire area: \$808,000, Eau Claire contracts with Human Services: \$63,000

Question 6: How will you adjust for any costs

- Reduce number of people served and employees. Unable to absorb without funding from Eau Claire County
- Discontinue offering benefits to employees the first year. Following years would lead to reduction and elimination of staff. This may result in need for MCO's to find new placements for over 200 residents. Higher wages may help with retention/recruiting however, offering health insurance to staff has been a great hiring and retention tool.
- Would have to pass cost on to ECC
- MCO's would not allow that kind of increase and our organization does not have enough clients that are just County clients
- Either the amount of the level of service would decrease or reduction/elimination of staff
- Rate Increase for contract or layoff of staff
- Would need to pass increased cost to all other contract agencies

Question 7: Would you continue to contract with ECC

- Would renegotiate contract. Services for the Comprehensive Community Services program would not be impacted
- Would continue contracting but without funding increase would need to re-evaluate the type and level of services provided
- If LWO enacted, could not afford to contract
- Unless ECC fully funds this increase in operation expenses, would not continue to contract.
- I could not
- Consider discontinuing to contract with ECC, however, would anticipate to start to lose staff to other organizations, causing inadequate staffing to provide the State mandated service level. The loss revenue from the County would match the increase in wages if we were to maintain our contract. So, likely to continue to contract

Question 8: Will this cause you to change hiring pattern

- Yes, due to having less services to provide without the contract
- Would not change
- No
- Not sure
- Hire more part-time staff
- No

Question 9: Other Opportunities or challenges if LWO adopted

- This should be a funded mandate. Requiring a certain wage needs to be supported by the organization making the request. The \$12.84 is nearly 10% higher than Dane Counties (?) living wage of \$11.69

- This change would create compression for smaller roles that are not under the county contract. As a non-profit we cannot absorb. Have already taken steps to address wages at \$10.15/hr (internal minimum)
- If the rate per client was increased to match the pay of staff, that would be great.
- This would be financially devastating to all service providers unless the County is willing to pay a significant premium to see this fully enacted. Have received no budget increase in the last 6 years and have experienced a revenue reduction since implementation of ACA

Motion Mike to approve the extension as amended. Motion carried 3 for and 2 against.

Human Resources: Consideration, discussion, and recommendation of the following Eau Claire County policies:

- a. Policy 517 – Out of Title Work
Motion Mark Beckfield to approve the policy changes. Motion carried 5-0.
- b. Policy 423 – Meal and Break
Motion Mike Conlin to approve the policy changes. Motion carried 5-0.
- c. Policy 521 – On Call Pay
Motion Judy Gatlin to approve the policy changes. Motion carried 5-0, forwarded to the County Board for approval.

Human Resources: 2015 Skills Gap Update:

The Human Resources Director provided a general update regarding the Skills Gap trend in the Chippewa Valley.

Adjourn.

Kathleen Clark declared the meeting adjourned at 2:37 pm.

Respectfully submitted,

Jill Mangus
Committee Clerk