

COMPENSATION OF MUNICIPAL OFFICIALS

Elected municipal officials, such as mayors, clerks, treasurers, trustees or alderpersons, may receive whatever amount of compensation is provided by municipal ordinance.¹ The compensation of elected officials may be fixed by ordinance and may be established in an ordinance other than the appropriation ordinance.²

Illinois state law prohibits an elected official's compensation from being increased or diminished during the official's term of office. Public bodies that want to change the compensation of an elected official must do so at least 180 days prior to the date when the elected official would take office. Typically, elected officials begin their term of office at the first regular or special meeting in May. The recommended timeline for establishing compensation is generally no later than an October meeting, ahead of the April elections and the swearing-in of elected officials in May.

CAN WE CHANGE THE COMPENSATION OF OUR ELECTED OFFICIALS?

Yes, but not during the term of office. Compensation for elected officials must follow strict procedures because once their compensation is fixed, it may not be increased or diminished during the elected official's current term of office. The level of compensation must be fixed at least 180 days prior to the date when the elected official would take office.³ Any change in compensation must be set according to these guidelines and can only take effect upon the start of a new term.

IS IT POSSIBLE THAT SOME MEMBERS OF OUR COUNCIL/BOARD HAVE A DIFFERENT PAY GRADE THAN OTHERS?

Yes. Alderpersons or trustees are only entitled to a continuation of the salary in effect at the time they take office. Salaries of officials are established by ordinance before they take office and, because terms of office are usually staggered, members of a legislative body often receive varying levels of compensation.

For example, members whose terms run from 2023 to 2027 may have one pay grade, and would be eligible for a change in their compensation upon the commencement of a new term in 2027 (if re-elected). While members on a different term schedule, running from 2025 to 2029, could be on a separate pay grade and would be eligible for a change in their compensation upon the commencement of a new term in 2029 (if re-elected).

¹ [65 ILCS 5/3.1-50-5.](#)

² [65 ILCS 5/3.1-50-10.](#)

³ [50 ILCS 145/2; 65 ILCS 5/3.1-50-5; 65 ILCS 5/3.1-50-10.](#)



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If it is desired that all elected officials be on the same pay grade, a pay schedule could be adopted prior to the commencement of the term of any of the impacted officials that would have a future effective date that follows the provisions of setting that compensation. In the previous example, an ordinance setting pay for all officials could be effective in May 2029, so there would be no difference, although there would be a delay.

WHAT ARE THE REQUIREMENTS FOR POSTING COMPENSATION INFORMATION OF EMPLOYEES OF MUNICIPALITIES PARTICIPATING IN THE ILLINOIS MUNICIPAL RETIREMENT FUND (IMRF)?

1. Any employer participating in IMRF must, within six business days after approving the budget, post on its website the total compensation package for each employee having a total compensation package that exceeds \$75,000 per year.⁴
2. Any employer participating in IMRF must, at least six days before approving an employee's total compensation package that is equal to or in excess of \$150,000 per year, post on its website the total compensation package for that employee.⁵

As to the posting requirements for one and two above, if the employer does not maintain a website, the employer must post a physical copy of this information at their principal office. If an employer maintains a website, it may choose to post a physical copy of this information at their principal office in lieu of posting the information directly on the website; however, the employer must post directions on the website regarding how to access that information.

WHAT INFORMATION IS INCLUDED IN THE "TOTAL COMPENSATION PACKAGE" REQUIRED TO BE POSTED?

"Total compensation package" means payment by the employer to the employee for salary, health insurance, a housing allowance, a vehicle allowance, a clothing allowance, bonuses, loans, vacation days granted and sick days granted.⁶

CAN A MUNICIPALITY PAY EMPLOYEES A HOLIDAY BONUS?

Yes. The determination of employee bonuses is part of compensation and generally incorporated in the compensation ordinance of the municipality, subject to the budget and appropriation process. It is important to note that a bonus is compensation; therefore, a bonus is subject to all applicable taxes and withholdings. Payment of cash bonuses by a municipality is not recommended.

CAN ELECTED OFFICIALS BE EMPLOYED BY THE MUNICIPALITY?

Employment of elected officials by their municipality is generally prohibited. Limited statutory exceptions to prohibited interests in contracts, including employment of elected officials, must be carefully reviewed and followed. The penalties for violations of these restrictions may include criminal prosecution and removal from office.

One common exception to the prohibited interests in contracts allows elected municipal officials to provide services or labor to the municipality if:

⁴ [5 ILCS 120/7.3.](#)

⁵ [5 ILCS 120/7.3.](#)

⁶ *Id.*



1. The award of the contract is approved by a majority of the corporate authorities;
2. The amount of the contract does not exceed \$2,000 per contract, or \$4,000 in aggregate per year for all contracts;
3. The elected municipal official publicly discloses their participation in the contract before or during the deliberations on the proposed award of the contract; and,
4. The elected municipal official abstains from voting on the contract.⁷

A municipality that has adopted the budget system may appoint an elected or appointed officer, including the mayor or president in a municipality with a population of less than 10,000, as the budget officer. Budget officers, other than a mayor or president, may be compensated for both offices.⁸

The mayor or president of the board of trustees of a city, village or town, or their designee, may serve as the liquor commissioner for the municipality.⁹

In addition, the Local Government Employees Political Rights Act provides that a member of any fire department or fire protection district may be a candidate for elective public office and serve in that public office if elected.¹⁰

Municipal officials should consult with their retained legal counsel if they have questions regarding the interplay of these statutory provisions regarding employing an elected municipal official.

CAN THE CITY, VILLAGE OR TOWN CLERK ALSO BE AN EMPLOYEE OF THE MUNICIPALITY?

Yes. The clerk of a city, village or town may also be an employee of the municipality, but the Illinois Municipal Code limits those opportunities.

A municipality may designate by ordinance that the clerk may also hold the office of collector.¹¹ A municipality that has adopted the budget system may appoint the clerk as the budget officer.¹²

In addition, a clerk may provide services to the municipality if:

1. The award of the contract is approved by a majority of the corporate authorities;
2. The amount of the contract does not exceed \$2,000 per contract, or \$4,000 in aggregate per year for all contracts; and,
3. The clerk publicly discloses their participation in the contract before or during the deliberations on the proposed award of the contract.¹³

Employment of a municipal clerk is otherwise restricted by the interests in contracts section of the Illinois Municipal Code.¹⁴

⁷ [65 ILCS 5/3.1-55-10.](#)

⁸ [65 ILCS 5/8-2-9.1.](#)

⁹ [235 ILCS 5/4-2.](#)

¹⁰ [50 ILCS 135/12.](#)

¹¹ [65 ILCS 5/3.1-30-15.](#)

¹² [65 ILCS 5/8-2-9.1.](#)

¹³ [65 ILCS 5/3.1-55-10\(b\)\(2\).](#)

¹⁴ [65 ILCS 5/3.1-55-10.](#)

