

WRKFC

## CHICAGO ONE FAIR WAGE ORDINANCE

WHEREAS, the City of Chicago is a home rule unit of government pursuant to the 1970 Illinois Constitution, Article VII, Section 6(a); and

WHEREAS, pursuant to its home rule power, the City of Chicago may exercise any power and perform any function relating to its government and affairs including the power to regulate for the protection of the public health, safety, morals, and welfare; and

WHEREAS, the federal minimum wage for regular non-tipped employees has remained stagnant for over two decades at \$7.25 an hour and \$2.13 an hour for tipped employees; and

WHEREAS, state governments throughout the country have been discussing possible legislative actions to bring parity to the wages for tipped and non-tipped employees; and

WHEREAS, a number of local and state governments including Alaska, California, Minnesota, Nevada, Oregon, Washington State, Washington D.C. and Wisconsin, have passed legislation that mandates that tipped workers be paid at least the same minimum wage as non-tipped employees; and

WHEREAS, a study conducted by Michael Paarlberg and Teofilo Reyes, between the New York and Pennsylvania workforces along the state's border found that on aggregate, in the year following the tipped-minimum hike, those New York border counties saw workers' take-home pay go up an average of 7.4 percent and employment go up 1.3 percent, compared with Pennsylvania border counties, which saw a pay increase of 2.2 percent and a decline in employment of 0.2 percent; and

WHEREAS, Restaurant sales in one fair wage states grew by 17 percent, according to 2017-2018 restaurant trade lobby estimates, compared to 15.6 percent in subminimum wage states; and

WHEREAS, according to restaurant trade lobby estimates California, a One Fair Wage state, had the highest restaurant sales, topping over \$97 billion, reflecting an annual restaurant sales increase of 18 percent; and

WHEREAS, A Cornell University study titled "A National Study of Human Resource Practices, Turnover, and Customer Service in the Restaurant Industry" found in evaluating 1,100 restaurant employers, employers can cut employee turnover almost in half with higher wages and better benefits due to increased morale and worker productivity; and

WHEREAS, the Chicago City council cannot bring into effect a statewide minimum wage, but can effectively ensure that tipped employees within the corporate limits of the City are paid fair wages; and

WHEREAS, almost 13 percent of tipped workers are in poverty, compared with approximately 6 percent of non-tipped employees, according to a 2014 joint report by the Economic Policy

Institute and the Center on Wage and Employment Dynamics at the University of California, Berkeley; and

WHEREAS, according to the Bureau of Labor Statistics, there are an estimated 2 million people working as restaurant servers in the United States, and roughly 70 percent of them are women; and

WHEREAS, the "two-tiered" subminimum wage system exposes tipped workers to disproportionate levels of poverty, financial uncertainty and harassment; and

WHEREAS, according to the Bureau of Labor Statistics, servers rely on food stamps at more than one-and-a-half times the rate of the general working population; and

WHEREAS, a Chicago Tribune article from March 2018 stated that wait staff said "that if they were less reliant on tips, it might change a workplace culture that is conducive to abuse, and not just from customers;" and

WHEREAS, a wage structure that leaves workers dependent on tips often forces them to put up with harassment and abusive behavior from their customers in fear of not being paid; and

WHEREAS, the City of Chicago has remained at the forefront of the #MeToo movement and passed a "Hands Off, Pants On" ordinance to provide panic buttons and ensure hotel staff was safe from sexual harassment at work; and

WHEREAS, fair wages and less dependency on tips may similarly help workers from other service industries feel empowered to discontinue service if they feel uncomfortable or threatened by a customer's actions; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are expressly incorporated herein and made part hereof as though fully set forth herein

SECTION 2. Chapter 6-105 of the Municipal Code of Chicago is hereby amended by amending section 6-105-030 as follows:

6-105-030 minimum hourly wage in occupations receiving gratuities.

(a) Every Employer of a Covered Employee engaged in an Occupation in which Gratuities have customarily and usually constituted part of the remuneration shall pay no less than the following Wages to each Covered Employee for each hour of work performed for that Employer while physically present within the geographic boundaries of the City:

(1) Beginning on July 1, 2024, the Wage in occupations receiving gratuities shall rise by \$3.

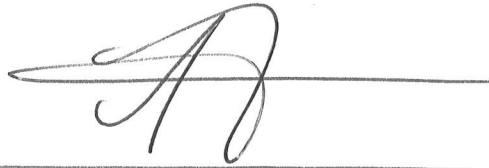
(2) Beginning on July 1, 2025, the Wage in occupations receiving gratuities shall be the same as the Wage set by subsection 6-105-020 (b)(1)(C) Covered Employees.

(b) Every Employer that pays a Covered Employee the Wage described in subsection (a) shall transmit to the Commissioner, in a manner provided by rule, substantial evidence establishing:

(1) the amount the Covered Employee received as Gratuities during the relevant pay period; and

(2) that no part of that amount was returned to the Employer. If an Employer is required by the Minimum Wage Law to provide substantially similar data to the Illinois Department of Labor, the Commissioner may allow the Employer to comply with this subsection (b) by filing a copy of the state documentation.

(c) The Commissioner shall make available to Employers a bulletin announcing the City's minimum hourly Wage for the upcoming year for workers who receive Gratuities.

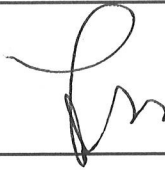
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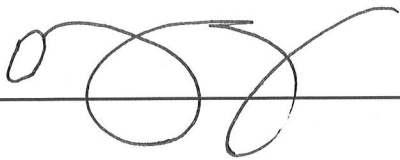
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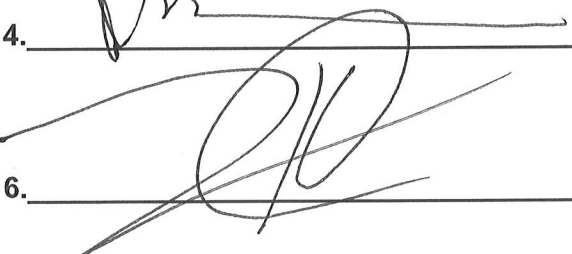
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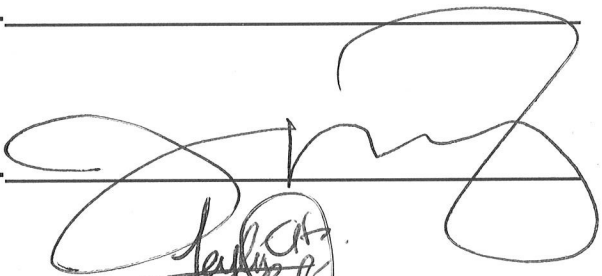
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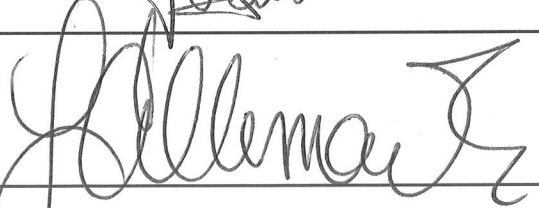
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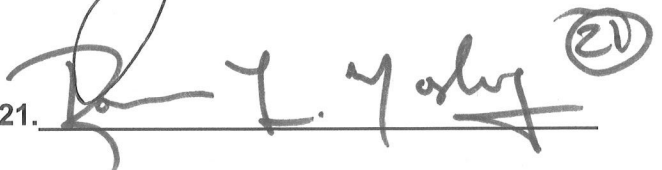
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