

ONE FAIR WAGE

THE KEY TO SAVING THE CHICAGO RESTAURANT INDUSTRY POST-COVID 19



THE SUBMINIMUM WAGE for tipped workers is \$7.80 an hour in the state of Illinois and \$9.00 per hour in the City of Chicago.^{1,2} A direct legacy of slavery, the subminimum wage impacts a Chicago metro area tipped workforce of 73,000, with 44,000 in just the city of Chicago, 44 percent of whom are women and 55 percent of whom are people of color. Statewide, nearly 215,000 tipped workers are 69 percent women and 39 percent people of color, within an overall restaurant industry of 440,000 workers statewide.^{3,4,5}

1 The Subminimum Wage Is a Legacy of Slavery

- ◆ After Emancipation, two industries — the Pullman Train Company and the restaurant industry — sought to hire newly freed Black people without paying them, forcing them to live on tips.⁶
- ◆ In the early 20th century, A. Phillip Randolph formed the first Black union in the United States in Chicago and won the right for Pullman Car Porters receiving a full minimum wage with tips on top, rather than relying entirely on tips. In response, Chicago restaurants formed the National Restaurant Association in 1919 to ensure that their workforce of mostly Black women hired in the restaurant industry were not so fortunate, and were left to live entirely on tips, even when other workers received the federal minimum wage as part of the New Deal in 1938.⁷
- ◆ Today, Illinois remains one of 43 states that persists with this legacy of slavery, and has allowed a workforce that is overwhelmingly women and disproportionately women of color to receive a raise of only \$9.00 over 150 years since Emancipation.⁸

2 The Subminimum Wage Was Always a Source of Economic, Race and Gender Injustice

- ◆ The subminimum wage for tipped workers was a problem long before the pandemic for a workforce of almost 44,000 tipped workers in Chicago who are overwhelmingly women working in casual restaurants and bars.⁹

- ◆ These workers have struggled with twice the poverty rate of other workers and the highest rates of sexual harassment of any industry because they must tolerate inappropriate customer behavior to feed their families in tips.^{10,11}

3 Seven States Are Faring Better With One Fair Wage

- ◆ For decades, 7 states did it differently: CA, OR, WA, NV, MT, AK and MN — next door to Illinois — all require a full minimum wage with tips on top.¹²
- ◆ These 7 states have higher restaurant job growth rates, small business growth rates, and tipping averages than Chicago; they also have one half the rate of sexual harassment in the restaurant industry and lost fewer restaurants during the pandemic than Illinois.^{13,14}

4 The Pandemic Made the Subminimum Wage a Matter of Life and Death

- ◆ With the pandemic, the subminimum wage for tipped workers changed from an economic, race and gender injustice to one of life and death.
- ◆ Over 220,000 restaurant workers in Illinois — with over 145,000 of those restaurant workers in Chicago alone — lost their jobs at the start of the pandemic, but two thirds of restaurant workers reported they couldn't access unemployment benefits because they were told their subminimum wage was too low to qualify for benefits.^{15,16,17}

- ◆ Thousands of tipped workers have since gone back to work, but nearly 70 percent of Illinois workers report their tips have decreased by at least half because sales were down.¹⁸
- ◆ Meanwhile, customer hostility, health risks and harassment increased, with women tipped workers being asked to remove their masks so men could judge their looks and their tips on that basis.¹⁹
- ◆ Tipped workers were put in the impossible situation of having to enforce COVID protocols on the same restaurants from whom they had to get tips to survive.

5 The Wage Shortage: Workers Are Refusing To Work Without One Fair Wage

- ◆ With the pandemic driving tips down and harassment up, this life threatening situation for service workers resulted in 9,000 workers leaving the Chicago restaurant industry, and over 40,000 workers leaving the industry statewide.^{20,21}
- ◆ In a recent survey, 53 percent of those who remain in the Illinois restaurant industry reported that they are

considering leaving; 84 percent say the only thing that will make them stay or return to working in restaurants is a full livable wage with tips on top.²²

6 Hundreds of Illinois Restaurants Are Now Paying One Fair Wage

- ◆ As a result of this exodus, we have documented 5,000 restaurants nationally and over 120 in Chicago who are paying One Fair Wage to recruit staff.²³ Chicago comprises 41 percent of those restaurants paying One Fair Wage out of the 300 in Illinois.²⁴
- ◆ Many of these independent restaurants have joined forces with workers to call for One Fair Wage policy for 2 reasons:
 - 1) they say they need a level playing field, and
 - 2) they say they need policy to send a signal to millions of workers that these are permanent wage increases and it's worth coming back to work in restaurants.²⁵
- ◆ With 53% of workers who remain saying they're leaving, Illinois restaurants are not able to fully reopen unless we pass One Fair Wage.¹⁶



Thousands of tipped workers in Chicago have left the restaurant industry and are not willing to return without One Fair Wage, and over a hundred of Chicago employers are now paying One Fair Wage to recruit staff and seek a level playing field — the time to pass One Fair Wage is now.

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