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Restaurateurs balk at bill to pay minimum wage

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NORTHWEST HERALD

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Proposal would apply state wage law to tipped workers; proponents say workers deserve 'living wage'

By MICHELLE MEYER
mmeyer@shawmedia.com

An ordinance passed in Chicago last year requires all tipped workers to be paid the minimum wage plus tips. Now, a proposal in Springfield would enact that change statewide – but many local restaurants fear the increased costs will drive them out of business.

House Bill 5345, supported by the national organization One Fair Wage, would require businesses to pay tipped workers a minimum wage base pay with tips added on top. Currently, the law allows businesses to have a blend of sub-minimum base pay and tips to reach the hourly minimum wage of \$14 an hour. With the current sub-minimum wage at \$8.40 an hour in Illinois, the new law, if signed into law, could bump up that base pay to \$14 an hour. In 2025, the sub-minimum will be raised to \$9 an hour and minimum wage will be \$15 an hour.

This would be a 40% increase that business owners would have to add to their payroll budget, an amount that many “ma and pop” eateries cannot afford, said Rhienna McClain, who owns and operates the fine-dining restaurant 1776 in Crystal Lake and is president of the McHenry County chapter of Illinois Restaurant Association.

“I feel like our industry has been bullied a little bit,” she said. “Cost of goods, inflation, labor shortages, labor costs ... when does it end?”

The bill, sponsored by State Rep. Elizabeth “Lisa” Hernandez, D-Cicero, also proposes that fees restaurants add on to checks, like credit card fees, go directly to the employees rather than the restaurant operators.

The goal is to bring workers to full minimum wage per shift instead of weekly or biweekly, according to the bill. If passed, the proposal would go into effect Jan. 1 and allow a two-year transitional period for restaurants.

One Fair Wage National Communications Director Nataki Rhodes, who worked as a server in Chicago for over 15 years, said the goal is to ensure tipped workers receive a livable wage.

“I’ve had bad days and slow days. Sometimes the tips don’t cover the minimum wage, and that can be stressful,” she said.

Large industry organizations like the Illinois Restaurant Association, Protect Illinois Hospitality and the



Gregory Shaver

Rhienna McClain, the owner of 1776, a farm to table restaurant in Crystal Lake, is concerned the wage proposal could result in businesses going under.

Illinois Retail Merchants Association are rallying against the bill saying it could be too much for small businesses to cover the costs.

“If it’s not broken, don’t fix it,” McClain said. “It will take small ma and pops out, and then there will only be an option to dine out at a large chain place or none at all because I don’t know how they’re going to do it either.”

States that have already adopted One Fair Wage laws include California, Washington, Oregon, Nevada, Montana, Minnesota and Alaska. One Fair Wage says those states have the same or higher restaurant growth and tipping averages as states with sub-minimum wage. Other states like Ohio and Michigan will have voters decide the matter on the fall ballot, Rhodes said.

But the National Restaurant Association argues those states have seen job layoffs and will see a dropoff in tips. More restaurants will shift to what she calls a “QR nation” of technology replacing service jobs, McClain said.

Dan Hart, who owns multiple restaurants in the McHenry County area under the Hart Alliance Restaurant Group banner, including three D.C. Cobb’s locations, also thinks the

bill could eliminate serving jobs that would be replaced with computerized ordering.

“This bill will essentially eliminate jobs if it passes as well as raise prices to the consumer,” he said.

“Super slim profit margins” also are a challenge for local small restaurant owners, including Cafe Olympic co-owner Rachel Skubiszewski. Ever since she purchased the downtown Crystal Lake diner with her best friend Rosie Cermak in 2019, they have struggled with the COVID-19 pandemic, rising food costs and paying for repairs on the historic building.

“Best-case scenario is that we’d cross our fingers and hope to retain our guests despite the extreme rising prices that would be necessary to financially counter the tipped wage increase,” she said.

Restaurants are struggling with increased food costs and general inflation in recent years, McClain said.

But Rhodes noted that employees are also feeling the burden of increased cost of living.

Waitstaff in Illinois receive a median pay of \$28 per hour with the current sub-minimum wage plus tips, according to the National Restaurant Association. Hart Alliance servers

average about \$28 an hour, Hart said and Cafe Olympic averages \$22 an hour, Skubiszewski said. But One Fair Wage argues the median earnings of tipped workers in Illinois is \$27,000 a year, with tipped workers 20% more likely to receive food stamps.

“It’s a civil rights issue,” Rhodes said. “It has to stop. It started with the legacy of slavery.”

State Sen. Craig Wilcox, R-McHenry, said he generally doesn’t support bills that interfere with the free market and Illinois already has a law in place that requires employers to make up the difference if sub-minimum wages don’t reach the general minimum wage. Tip culture could change among customers if tips are more supplemental than necessary, he said.

“I think the bill has good intentions, but they are not listening to the negative consequences that it could bring,” he said.

One Fair Wage is willing to negotiate on the bill and bring “everyone to the table,” especially with small businesses, Rhodes said. People can show support or opposition for the bill by messaging local state representatives and senators.

“It will directly affect your backyard,” McClain said.