

Commentary

Businesses coping with Illinois' minimum wage increase

By ZETA CROSS
The Center Square

Illinois' minimum wage increased to \$13 at the beginning of the year and businesses are feeling it.

In 2019, after no increases in the minimum wage since 2010, the legislature agreed to a gradual increase that will top off at \$15 an hour in 2025.

The passage fulfilled a campaign pledge from Gov. J.B. Pritzker. In step with the ramp-up, the Illinois minimum wage will increase to \$14 an hour on Jan. 1, 2024, and on Jan. 1, 2025, the minimum wage will reach \$15.

Todd Maisch, president and CEO of the Illinois Chamber of Commerce, said the increase is "particularly painful" for retailers, restaurants and employers in the service industry.

"Employers are trying to decide whether they will trim hours or trim jobs. In some instances, if they think they can get away with it, they will have to raise prices," Maisch told The Center Square.

Maisch said that for businesses that are struggling with inflation, paying a higher minimum wage is more pain for the bottom line.

"Governments cannot create demand; they cannot create revenue," he said. "So that means that small businesses must decide how to cut costs. Way too few members of the legislature understand that basic fact."

Lawmakers act as if all businesses have a secret vault of cash that they can tap to pay higher wages, Maisch said.

"We all know that that is not the case," he said.

Keeping wages artificially high makes it harder for inflation to go down, Maisch said, and raising prices is not an option for many businesses.

"Coming off of very aggressive inflation, that is the last thing that small businesses want to do," he said. "Over time, inflation impacts consumer behavior more and more. Consumers are spending less and less at restaurants and other places."

Maisch thinks most employers will opt to trim jobs and cut hiring rather than raise prices.

The service industry, including retail, is on the frontline when it comes to the minimum wage hike, Maisch said. He expects businesses to opt for more automation in response.

"Whether it will be self-serve sodas or having customers tap screens to put in their own food orders, more businesses will decide that they have to go that route," Maisch said.

Raising the minimum wage will have a ripple effect, he said.

"For a manufacturer, the fact that somebody can come in and on the first day on the shop floor make \$13 an hour, that means that everybody that's been there for six months or a year or two is going to pressure the employer for higher wages," Maisch said.

High-performing employees will get the wage increase, Maisch said, but employers will become even more hesitant to bring on new employees that they would have to train.

Zeta Cross is a contributor to The Center Square.

Illinois union membership shrinks by 17,000 in 2022

By MAILEE SMITH
Illinois Policy Institute

The drop in union membership for Illinois workers follows a 33-year downward trend, moving from more than 1-in-5 workers being in a union, to nearly 1-in-8.

While labor unions may enjoy high approval polling nationwide, approval does not appear to be the same as union membership in Illinois.

Union membership in the state dropped by 17,000 in 2022, according to a Jan. 19 release by the U.S. Bureau of Labor Statistics.

The drop in union membership among Illinois workers continues a 33-year downward trend for the state, which saw union membership at 20.8 percent in 1989 compared to 13.1 percent in 2022.

Nationwide, union membership is more prevalent in the public sector than in the private sector, with BLS reporting the membership rate of government workers was more than five times higher than the rate of workers in the private sector.

Yet even membership in government unions decreased nationwide in 2022. While the raw number of government employees increased, the percentage of those choosing to be union members decreased.

It's no surprise. Illinois has seen public-sector workers leaving their unions in droves, with 38,000 government workers dropping their union ties between 2017 and 2021.

One of the most common reasons: government employees don't feel well-represented by their unions. Union leaders' political agendas and the labor strife created by strikes get in the way of what unions are supposed to be doing. Some workers feel there are better alternatives to unions.

Benny Durbin, a public works specialist in Arthur, Illinois, had been a member of IBEW. But as Durbin explained, "I just didn't feel well-represented, or like there was enough support from our union. They didn't really help us when we went into negotiations. They never really asked us what we wanted."

"I also didn't like seeing the union give our money to political

figures for their campaign funds. I don't like that at all. I think that's a waste of our own money."

Others, such as Chicago Public Schools teacher Olivia Waldron, were disappointed with union strike behavior or the way unions fought to keep teachers out of school buildings during and after the COVID-19 pandemic.

"Going into the 2020-2021 school year, I saw the lack of humility, class and focus from union leadership. They were no longer advocating for teachers' essential labor rights but advocating more for a political agenda. And they most certainly were not concerned with the well-being of the students," Waldron said.

Derrick Crenshaw, a teacher in Glen Ellyn, left his union and found a union alternative after the Janus v. AFSCME decision. "When [Mark] Janus won his Supreme Court case, I felt it was time to move on. I didn't have anything in common with the national and the local union leadership," Crenshaw said.

He added, "My local union tried to tell me there were no other alternatives, and I wouldn't have any legal protection if I opted out. But I did my research and found the Association of American Educators, which provides professional education liability insurance and is non-partisan."

How do Illinois government employees opt out of union membership?

Typically, Illinois government unions require members to send a written opt-out request. State and local government employees interested in joining the more than 38,000 other Illinois public employees who have opted out of their unions can obtain everything they need at LeaveMyUnion.com.

Union members can opt out of membership at any time. However, some unions only allow members to stop paying dues at certain times during the year. The best way to determine that window of time is to submit opt-out paperwork, prompting the union to respond with information on the opt-out timeline.

Mailee Smith is the Illinois Policy Institute's policy staff attorney and director of labor policy. In this role, she focuses on labor relations and their impact on Illinois taxpayers.

Inflation continues to impact Illinois restaurants

By TRINA THOMAS
The Center Square

Illinois restaurants continue to tread lightly as adversity hits them from multiple directions.

The combination of inflation, rising costs, staffing shortages and current and potential employees demanding higher pay can be a recipe for disaster, Illinois Chamber of Commerce President Todd Maisch said.

"It's not a fun time to be an owner of a restaurant right now, especially at the higher end of the dining spectrum," Maisch said.

Prices have gone up for food and everyday items that a restaurant needs to operate, he said.

According to the chamber leader, high-end dishes like lobster pasta as opposed to chicken pasta, for example, may be getting "curtailed." Not only is the lobster pasta likely not getting ordered as often as the chicken counterpart, but the margin is higher for that item. Restaurant owners are likely to pass on carrying the cost of a high-priced menu item when the demand won't be there to sustain it.

"It's not just the underlying price of food, it's everything that goes into putting a plate in front of a customer or, you know, handing somebody a take-out order," Maisch said. "All those costs have gone up, so it's undoubtedly increased the cost of eating out."

Maisch said most restaurant owners value their long-term relationship with their suppliers as opposed to find-

ing new suppliers to save money on restaurant items in the inflation interim.

"Even in a relatively extended period of inflation, I think most business owners are going to say there's value in that relationship and goes beyond, you know, saving one, two or three percent on some of the inputs to the restaurant," Maisch said.

Many people who often enjoy the fine-dining experience may be opting-in for casual dining instead. Servers for high-end restaurants are typically harder to train because they are required to perform more steps of service while serving a table from start to finish. There isn't an oversupply of servers to begin with and many seeking employment at a high-end restaurant may be demanding more money, Maisch said.

"I think that especially the higher-end restaurants are in a trick bag in that those servers are hard to train, they've got to know their stuff more than your typical server at [a chain or franchise restaurant]," Maisch said.

According to the U.S. Department of Labor, the Illinois server minimum wage is \$7.20 per hour in 2022. Servers at fine-dining restaurants are likely getting paid the same hourly rate as servers in casual-dining restaurants but have an opportunity to make more money as their overall sales from a shift are likely higher. A higher bill typically results in customers leaving a higher tip, as 20 percent is the standard tip etiquette in the U.S. for receiving above-average service at a sit-down restaurant.

Trina Thomas is a contributor to The Center Square.

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