

2024 ANNUAL REPORT

CHICAGO IS A LEADER IN WORKER PROTECTIONS.

Fair Workweek



Paid Leave and Paid Sick Leave 🗹 Wage Theft

Anti-Retaliation

Domestic Worker Contract Requirements



Letter from the Mayor



Dear Chicagoan,

The City of Chicago has made monumental gains for Chicago's workers over the past year. These victories are a testament to my commitment in ensuring that all workers are treated with dignity, respect, and fairness.

One of the most significant achievements has been the passage of the One Fair Wage ordinance. This important change ensures that all workers earn a living wage, helping to lift many families out of poverty and promote economic stability within our communities. The ordinance provides for the wages of tipped workers such as

restaurant servers, bartenders, bussers and runners who earn a subminimum wage of \$9.48 per hour to increase by 8 percent per year until it reaches parity with Chicago's standard hourly minimum wage of \$15.80. By increasing wages, this ordinance can also address the restaurant industry's staffing crisis and increase opportunities for youth employment. This legislation is the culmination of years of advocacy and outreach by the One Fair Wage coalition, restaurant workers, and advocates.

Additionally, a generational win for Chicago's workers, was the passage of the Chicago Time Off ordinance which effectively doubled paid time off to cover an estimated 1.4 million workers. The Chicago Paid Time Off ordinance guarantees up to five days of paid time off and five days of paid sick time for most of Chicago's workers, making it the most progressive paid time off legislation at the municipal level in the United States. Workers should have the basic dignity of time off to care for themselves and their families. This law strengthens our workforce, our businesses, and our entire economy.

I am immensely proud to serve and represent our workers and working families every day as mayor. My administration is the first administration in our city's modern history to put workers in the driver's seat, and the work we have been able to accomplish this first year is a testament to that commitment. I want my administration to embody Chicago's values of uplifting working people, address economic inequities and create a better economy future for our city.

Sincerely, Mayor Brandon Johnson



Letter from the Acting Commissioner



Dear Chicagoan,

Under the Johnson administration, the City of Chicago has enabled a series of enhancements to our worker protection laws, aimed at ensuring a fair and supportive work environment for all workers. From small to large businesses, it is the commitment and talent of our workers that fuel growth, innovation, and progress. By supporting our workforce, we are investing in a thriving and dynamic economy that benefits us all.

Over the past year, we celebrated many victories for

Chicago's workers. The minimum wage increased, allowing Chicago's working families to receive a new level of economic stability and certainty. Furthermore, the historic One Fair Wage Ordinance was passed by the Chicago City Council phasing out the tipped wage credit for tipped workers over a 5-year period. Additionally, we announced the implementation of the Paid Leave and Paid Sick and Safe Leave Ordinance and a scheduled enhancement of the Fair Workweek Ordinance requirements. By prioritizing worker protections, we affirm our commitment to justice and equity in the workplace.

The Chicago Office of Labor Standards (OLS), housed in the Chicago Department of Business Affairs and Consumer Protection, has been diligently working to enforce Chicago's landmark labor laws. Through outreach and engagement, the OLS has been able to work with businesses and workers to ensure information is accessible.

Our workforce is a critical component to the prosperity and well-being of our city. Together, we can build a future where every worker is valued and protected.

Sincerely, Ivan Capifali, BACP Acting Commissioner



Letter from the Director



Dear Chicagoan,

The Chicago Office of Labor Standards (OLS) plays a crucial role in maintaining fairness and dignity in workplaces. Chicago's labor laws are fundamental protections that ensure the well-being of our workers and the integrity of our community.

I am immensely proud of the OLS achievements under the Johnson administration. The passage of the One Fair Wage ordinance ensures that workers meet their basic needs as well as stimulate economic growth and

reduce poverty. Additionally, strengthening Paid Time Off policies has allowed workers to take time off for illness, family emergencies, and personal rest without fear of losing their income. At the forefront of every OLS decision, is the worker's well-being.

Empowering workers with knowledge about their rights is essential. It is important that workers understand their protections under the Chicago's labor law and feel confident in exercising these rights. OLS works to ensure that information about worker protections is readily available and that mechanisms for reporting violations are strong and accessible.

OLS continues to champion policies that uphold and enhance worker protections, ensuring that every worker can thrive in the City of Chicago.

Sincerely,

Miguel Campos, Director of the Office of Labor Standards



Mayor Brandon Johnson's Administration Policy Framework and Pillars

Mayor Brandon Johnson's administration is working to strengthen the "Soul of Chicago" by building a better, stronger, and safer future where youth and their communities have access to the tools and resources necessary to thrive.

The administration's mission is to transform the systems and practices that create the current and historic inequities that exist in Chicago. The administration seeks to repair past harms that have contributed to purposeful disinvestment and exclusion of some citizens. The administration will work with our partners to build solutions that result in a better, stronger, and safer Chicago.

The framework of the administration is organized around six issue areas:

- Effective Governance;
- Human Rights & Arts & Culture;
- Mental Health and Wellness;
- Community Safety;
- Housing & Homelessness Supports and;
- Youth and the Economy

Working under this framework, allows the administration to begin to transform the systems and practices that have created inequities for too long. Stark inequalities persist in access to workplace benefits, with younger and lower-wage workers often lacking access to the benefits they need to survive and thrive.

Background:

- Data collected and published by the U.S. Bureau of Labor Statistics show that young workers disproportionately work in low-wage jobs, especially in the hospitality and retail industries. In 2019, 45% of workers in the U.S. aged 16-24 worked in leisure, hospitality, and retail.
- The above-mentioned industries with an overrepresentation of young workers are the least likely to provide access to paid sick leave. For example, according to the



U.S. Bureau of Labor Statistics across the U.S., only 64% of workers in sales and related industries had any access to paid sick leave in 2020.

- In 2022, the U.S. Bureau of Labor Statistics found that over one million young adults between ages 18 to 24 had part-time jobs. Millions more in this age group work seasonal or temporary positions; 2.6 million young adults had seasonal or temporary jobs in the summer of 2022.
- Workplace policies like paid family and medical leave and paid sick leave can help more youth join and stay connected to the workforce. Young people are often caregivers, either to young children or other family members. Fair workplace policies that allow young workers to balance these familial responsibilities with employment make the workforce more accessible, advancing family economic security.
- Workers without paid sick leave often have to choose between going to work sick, sending a child to school sick or risk losing their job or forgoing a vital household expense.
- <u>A study conducted and published by Institute for Women's Policy Research</u> <u>Group</u> shows that paid sick leave not only helps reduce transmission of disease, but it also provides economic security for workers who might otherwise lose income if they have to take unpaid time off from work.

In pursuit of the goal of addressing systemic inequities across racial and gender lines, the administration passed both the <u>One Fair Wage Ordinance</u> and the <u>Chicago Paid</u> <u>Leave and Paid Sick and Safe Leave Ordinance</u> in 2023.

The following pages provide a comprehensive look at the actions taken by the Office of Labor Standards in support of the administration's Policy Framework and Pillars.



Office of Labor Standards 2024 Annual Report

This Annual Report to the City Council is furnished to the City Council Committee on Workforce Development pursuant to Section 2-25-200(g) of the Municipal Code of Chicago.

This Report captures the achievements, milestones, and challenges experienced by the Office of Labor Standards ("the Office") during the previous reporting year. This Report reflects the Office's ongoing commitment to serve workers in the City of Chicago and the Office's dedication to the enforcement of Chicago's Labor Laws.

New worker protections were introduced this past year, including the expansion of Paid Leave and Paid Sick Leave, the phasing out of the Tipped-Wage Credit, and updating the City's Wage Theft Ordinance to cover a broader set of workers. Aside from the introduction of new protections, current protections were both enhanced and further enforced in the past year, including increases to the Minimum Wage, updates to the Fair Workweek Ordinance, and the issuance of Statements of Interest when requested by workers who are seeking Deferred Action on immigration matters with the U.S. Department of Homeland Security.

Annual Report to City Council

The Annual Report requirement was codified by the City Council through the leadership of the Workforce Development Committee. This report presents information from June 1, 2023, through May 31, 2024 (the reporting period).



Activities Undertaken During the Reporting Period

Over the past year, the Office has focused on protecting workers, adjusting to everchanging business models, and dealing with the unique pressures placed on workers and businesses across Chicago. The Office has worked to roll out new worker protections, forge new relationships with worker communities, and hold employers to account.

During the reporting period, the Office has: further established itself as the City's leading agency on worker protections and labor enforcement arm; continued to investigate and enforce Chicago's labor standards; and informed policy and prepared to enact new landmark legislation.





Leading Agency on Labor Matters

As we mark the fifth year since the establishment of the Office of Labor Standards, the unique challenges of enforcing labor protections persist. Extending our reach to address frontline essential and vulnerable workers continues to be a priority. During the reporting period, the Office continued to educate workers on their rights, processed worker complaints, and conducted investigations. The Office redesigned its website; updated promulgated Rules for Minimum Wage; updated and transitioned the promulgated Rules for Wage Theft into a stand-alone document; drafted newly promulgated Rules for Paid Leave and Paid Sick Leave; effectuated the first ever Food Vendors Rules and made further updates to City forms and 311 complaint procedures.

The Office continues to streamline case closure processes according to lessons learned from previous years so that workers can speedily avail themselves of user-friendly and transparent Chicago worker protections.



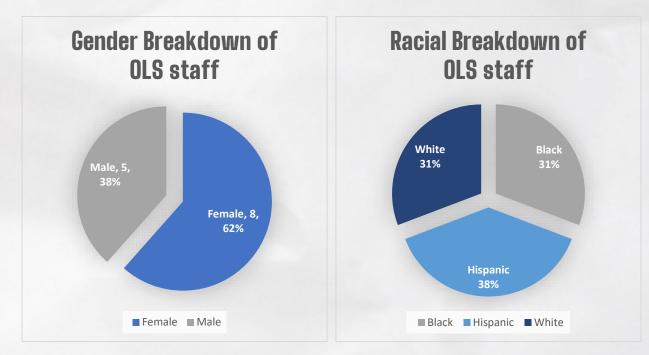
Over the last year, the Office of Labor Standards has: expanded to better protect workers; deepened public outreach to forge community partnerships, informed public policy, and kept tabs on developments in the field; introduced new Educational Outreach Material to educate relevant stakeholders; and processed and responded to complaints made through the City's 311 system.



Growing the Office

As of May 31, 2024, the Office has six Labor Standards Investigators to process complaints and open cases. The reporting period saw the onboarding of the Office's first ever Supervisors of Labor Standards Investigators. These staff additions have expanded the Office's ability to reach workers and investigate complaints.

Diversity continues to be a priority at the Office. Eight staff members are female, and five staff members are male. Five staff members identify as Latinx, four staff members identify as Black, and four staff members identify as Caucasian. Five staff members are bilingual (fluent in Spanish). All staff members have previously been employed as frontline workers including as grocery store workers and food service workers – with additional experience in academia, investigations, law enforcement, legal work, and union-organizing. This diversity in backgrounds, skillsets, and perspectives has enabled the Office to effectively reach workers, establish trust in the community, and promote Chicago worker protections.





Deepen Public Outreach

Throughout 2023 and 2024 the Office acted as a leader in providing information tailored to workers and businesses wishing to learn about Labor Protections in Chicago. This outreach helped to educate workers on the protections available to them, deterred violations among employers, and kept the Office well-informed of changes in the employer and worker landscape.

Outreach has included participating in events and responding to specific inquiries. During the reporting period, the Office used traditional media, social media, live webinars, and a variety of professional organizations to expand the reach of the protections under its purview.

Finally, through the ongoing work with the Mayor's Office and Worker Centers, the Office met regularly to discuss issues facing workers and strategies to address developing challenges. The Office also invested wholeheartedly in its partnerships with the United States Department



of Labor Wage and Hour Division, the National Labor Relations Board, the Illinois Department of Labor, the Illinois Department of Employment Security, the Illinois Attorney General's Office, the Chicago Federation of Labor, SEIU Healthcare Illinois, AFSCME; Raise the Floor Alliance, Arise Chicago, Warehouse Workers for Justice, Women Employed, the Chicago Federation for Women, One Fair Wage, the Shriver Center for Poverty Law, the Illinois Restaurant Association, the Illinois Retail Merchants Association, the Illinois Health and Hospital Association, the Illinois Hotel and Lodging Association, the Illinois Hispanic Chamber of Commerce and many others.



Tailored Education for the General Public:

The Office presented eight educational webinars (official City sponsored and open to the public) to over 950 attendees. The webinars have been viewed thousands of times via BACP's YouTube page. The website of the Office of Labor Standards (<u>Chicago.gov/LaborStandards</u>) continues to serve as a source for labor standards and worker protection information and received 34,960 views since the summer of 2021. The Office also presented nine educational webinars to individual organizations during the reporting period (please note these events were not open to the public but by invitation only).

Tailored Education with Governmental Partners:

The Office collaborated with the Cook County Commission on Human Rights to host two webinars in January and April of 2024 to inform workers and employers about the Chicago Paid Leave and Paid Sick and Safe Leave Ordinance and the Cook County Paid Leave Ordinance.

Tailored Education for Business Partners:

The Office hosted educational webinars with the following stakeholders to explain existing and soon-to-be in effect worker protections: Illinois Hotel and Loding Association; Hospitality Business Association of Chicago; Illinois Hispanic Chamber of Commerce; Greater Southwest Development Corporation; the Greater Bridgeport and the Southloop Chamber of Commerce.

Co-governance with Worker Advocates:

The Office renewed a \$100k grant to ARISE Chicago to conduct outreach and education activities with an emphasis on reaching underserved communities and reaching vulnerable workers. The Office also hosted educational webinars via Facebook Live for Spanish-speaking members of ARISE Chicago.



Introduction of New Educational Outreach Material

As new worker protections are enacted by the Chicago City Council, the Office has found it necessary to develop new educational outreach material and continue to update existing materials.

During the reporting period, the Office updated existing Rules in support of the Chicago Minimum Wage Ordinance, updated an FAQ document on the Minimum Wage Ordinance, and published its first FAQ document for the Minimum Wage Ordinance in Spanish.

In December of 2023, the City Council transitioned the City's Wage Theft Ordinance into a standalone Ordinance which necessitated the creation of new Rules to effectuate this Ordinance.

The Office engaged in a robust rule promulgation process. Proposed Rules were published on both the websites for BACP and OLS in late December of 2023; a public comment period ran through February 16, 2024. Public comments were accepted via mail, e-mail, and an electronic survey. The Office individually reviewed every public comment and incorporated many of them into the final version of the Rules. Comments came from a variety of stakeholders (workers, worker advocates, community groups, business organizations, educational institutions, not-for profit agencies, and governmental entities).

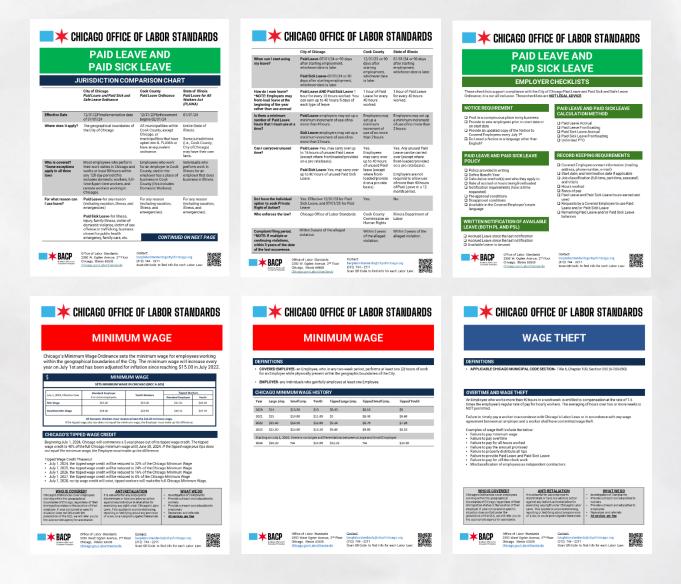
In November of 2023, the City Council passed the new Chicago Paid Leave and Paid Sick and Safe Leave Ordinance. The Office authored the following materials in support of this ordinance:

- Cross Jurisdictional Paid Leave Chart (comparing the City Ordinance with similar County and State Laws) *
- Employer Checklist for Paid Leave and Paid Sick Leave *
- Model Policy Templates for Paid Leave
- Detailed FAQ document on Paid Leave and Paid Sick Leave
- Detailed Fact Sheet on all aspects of Paid Leave and Paid Sick Leave *

*Material published in English, Spanish, Polish, Korean, Mandarin, Tagalog, Ukrainian, Thai and Vietnamese.

Sample Educational Resources:

Business Affairs and Consumer Protection



For the entire catalog of Educational resources, visit Chicago.gov/LaborStandards



<mark>Processed and Responded to Complaints Filed via</mark> City's 311 System

As a result of the COVID-19 pandemic, the Office saw a substantial increase in Paid Sick Leave complaints which elevated the 2020 totals, though which have now normalized to levels reflecting the retreat of the COVID-19 pandemic. Today, the Office is on pace to receive around 670 total complaints in 2024, an increase of around 18% from 2023. The Office is seeing a substantial increase in Paid Sick Leave complaints. We attribute the increase to the expansion of worker protections tied specifically to Paid Time Off.

	Min Wage	Paid Sick Leave	Fair WW	Anti- Ret.	Vaccine Anti-Ret	Dom Work	Wage Theft	TOTAL
2024 (through May) *	90	96	90			1	Included in MW	277
2023	292	96	173	0	0	8	Included in MW	569
2022	248	142	24	4	0	2	Included in MW	420
2021	207	194	95	8	0		Included in MW	504
2020	102	585	29	12	N/A	N/A	N/A	728
2019	107	110	N/A	N/A	N/A	N/A	N/A	217
2018	19	15	N/A	N/A	N/A	N/A	N/A	34

Increasing Labor Standards Complaints Numbers and Expanding Mandate

*Please note 2024 total only includes complaints received as of 05/31/2024; the Office is projecting to see an increase of 18% in the number of complaints year to year (2023 to 2024).



Investigations and Enforcement

The Office received a steady, incremental increase in the number of complaints during 2023 and the first five months of 2024. The growing volume of claims can be credited to outreach efforts and the successful enforcement actions against large employers.

Employing a rapid response system for processing and responding to complaints, the Office was able to resolve most complaints received (any unresolved complaints are under an active-investigation designation). Enforcement highlights from 2023 and the beginning of 2024 include:

- 1) In 2023, the Office recouped \$434,333 in restitution directly to employees.
- In 2023, the Office opened 252 investigations and cited 20 employers, for a total of \$43,051 in fines levied.

The Office is in the process of settlement negotiations for several large cases, the goal of the Office is to resolve these cases during the 2024 calendar year.

Evidence from other large cities with labor standards offices and the sentiment of worker advocates continues to suggest that high profile recoupment of money for workers – along with the Office's everyday work of complaint processing, education, and outreach – generates a self-reinforcing cycle of increased compliance from other employers, increased worker confidence in coming forward to report potential violations, and increased profile for worker protections throughout Chicago. Increased complaint volumes since the resolution of significant cases during the reporting period suggests that this positive trend is bearing out. The Office's staff will continue to employ the triage approach to incoming cases, while strategically planning new systems and processes to expand investigatory efforts, when additional staffing allows.

As a result of newly enacted legislation, which is described in detail in the next section, the Office will ensure that it continues to educate and promote new labor protections. The Office's staff will continue to develop outreach and educational material on the newly enacted protections, as well as continue its partnerships with worker groups to ensure that workers have the knowledge and support to file complaints.



Implemented Legislation

Through investigatory efforts, education, and partnership with key stakeholders, the Office continues to champion Chicago worker protections that the City Council has passed into law in the past year. These protections include:

- Enhanced Minimum Wage Provisions: Minimum Wage increased to \$15.80 on July 1, 2023, and will increase to \$16.20 this coming July 1, 2024. The differentiation between a Large Employer and Small Employer will expire on July 1, 2024.
- **Tipped Wage Credit:** The tipped wage credit will be phased out over a 5-year period commencing on July 1, 2024. The tipped wage credit will decrease 8% every year from its current 40%. Tipped workers are scheduled to make the full Chicago Minimum Wage on July 1, 2028.
- **Paid Leave and Paid Sick Leave;** Several paid sick leave protections were passed by the City Council on November 9, 2023:
 - Guarantees up to 40 hours of Paid Leave (to be used for any choosing of an employee) and up to 40 hours Paid Sick Leave to most Chicago workers
 - Expands carryover/rollover rights for Paid Sick Leave
 - Provides for the payout of unused Paid Leave
- Chicago's Wage Theft Ordinance: Wage Theft is now its own standalone Ordinance. The definition of who is covered by the Ordinance was amended to capture a larger subset of Chicago's worker population. An estimated 146,300 workers in Chicagoland experience at least one pay-based violation each week. Frontline workers in low-wage industries lose more than \$7.3 million per week in stolen wages, which equates to \$379.6 million per year.¹ Wage theft creates generalized precarity for working families, and this ordinance aims to protect vulnerable workers and hold bad faith employers to account.

¹ Theodore, Nik & Auer, Mirabai & Hollon, Ryan et al. (2010). Unregulated Work in Chicago: The Breakdown of Workplace Protections in the Low-Wage Labor Market.



Timeline of Major OLS Legislation/Labor Laws





Recommendations for Improving Efficient and Effective Enforcement

The persistent impact of the COVID-19 pandemic on Chicago's economic recovery, as well as inflation's impact on businesses, complicated the picture for businesses in Chicago. Workers remain on the frontlines of the economic recovery and the role of enforcing worker protections in ensuring economic security only continues to grow.

Increase in Personnel

The volume of complaints received by the Office and investigations conducted continues to grow. Additional personnel to conduct administrative pre-investigation duties, along with additional legal and investigative resources would allow the Office to resolve complex data-driven cases. The number of worker protections under the purview of the Office are expected to increase in the next reporting period.

Deepen Strategic Enforcement Initiatives

In 2023 and 2024 the Office continued the process of signing Memorandums of Understanding with the United States Department of Labor - Wage and Hour Division, the Office of the Illinois Attorney General, the Illinois Department of Labor, the Cook County Commission on Human Rights, and the United States Office of Occupational Safety and Health Administration on a variety of shared interests including the ability to share data and investigative resources to protect the most vulnerable workers.



Academic Partnerships

The Office will engage with relevant stakeholders and local academic institutions to conduct three studies in the upcoming year:

- The Office will study the impacts of a cure-period before individuals can engage in Private Right of Action with regards to the Paid Leave provisions in the newly enacted Paid Leave and Paid Sick and Safe Leave Ordinance.
- The Office will provide recommendations for a Portable Paid Leave and Paid Sick Leave policy for Domestic Workers.
- The Office will conduct a one-year study to identify the effects of the "smallemployer" exemption with regards to the payout provision of the Paid Leave and Paid Sick and Safe Leave Ordinance.





Expand Outreach and Engagement Efforts

Since the submission of last year's Annual Report on June 30, 2023, the Office has undertaken significant outreach efforts to educate workers and businesses on new Chicago worker protections, answer questions, and ensure that the public understands their rights and obligations. The Office presented eight webinars to over 960 attendees, and the webinars have been viewed 1,000+ times via BACP's YouTube page. The website of the Office of Labor Standards (www.chicago.gov/LaborStandards) continues to serve as a source for labor standards and worker protection information and received 34,960 views since the summer of 2021. The website underwent a complete revamp to make it more accessible to both workers and employers seeking information on Chicago's Labor Laws.

In May 2024 the Office renewed a \$100,000 contract with ARISE Chicago to conduct Outreach and Education activities with an emphasis on reaching underserved communities and reaching vulnerable workers. The above activities will raise awareness of existing Labor protections and encourage workers to engage with the city and bring forth potential complaints.

17 Educational Webinars
Over 950 Webinar Attendees
34,960 Website Views



Conclusion

The Office looks forward to continuing the important work of protecting workers in Chicago as an active and willing partner with all involved stakeholders. The Office is committed to being an advocate as the city continues to be a nationwide leader in labor protections for the most vulnerable workers.

