

Creative Workers: Know Your Rights

Tuesday, July 16, 2024 10 a.m. – 11 a.m. Zoom

Presenters









Agenda

Chapter 1: Introductions

- About the Campaign
- Definitions

Chapter 2: Classification / Misclassification

Chapter 3: Illinois Freelance Worker Protection Act

Chapter 4: Chicago's Labor Laws

Chapter 5: Resources

Chapter 6: Q&A



Chapter 1: Introduction





About the Campaign



an education and awareness campaign for creative workers and creative sector employers

Purpose

- Respond to citywide priorities, planning efforts, and departmental recommendations
- Address the real-time conditions of Chicago's creative workforce, and support sector-wide conversations around improved labor practices

Partners & Process

- DCASE, BACP, and BACP's Office of Labor Standards
- Advisory Committee made up of 11 members (many from orgs and entities that have connections to independent workers)
- Public Communications Inc., providing design support and development of visual assets



Definitions

What is Creative Work?

Creative Work is not simply, nor quickly, defined, it's an overarching term to capture the breadth of activity within the creative sector (artistic and cultural industries, including nonprofit organizations, creative businesses, museums and art galleries, music, film and television, digital media, theater, dance, craft, fashion, publishing, architecture and design; also activities involving the development, production, dissemination and preservation of creative goods and services, as well as related endeavors such as education and management), and also the breadth of activity of creative practitioners working in other fields.

Who are we talking about when we talk about Creative Workers?

A creative worker is anyone who earns income from creative, cultural or arts-based pursuits, or works within the creative sector as an employee (full-time or part-time), independent contractor, entrepreneur or gig worker.

A non-exhaustive list of titles includes...



Creative Workers...a non-exhaustive list...

- Graphic Designer
- Art Director
- Animator
- Fashion Designer
- Choreographer
- Glass Artist
- UX Designer
- Copywriting
- Photographer
- PR Rep.
- Web Developer
- Architect
- Marketing Manager
- Filmmaker
- Ceramicist
- Technical Writer
- Dancer
- Editor
- Actor

- Muralist
- Attorney
- Set Designer
- Lighting Designer
- Multimedia Artist
- Engineer
- Artist Manager
- Business Manager
- DJ
- Singer
- Merchandise
- Intern
- Arts Blogger
- Producer
- Stagehand
- Auxiliary Medical Services
- Publicist
- Event Space Manager
- Cultural Producer

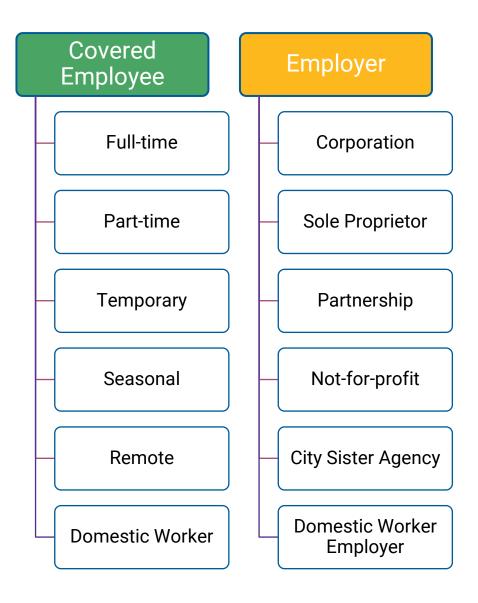
- Camera Operator
- Curator
- Wardrobe Attendant
- Poet
- Grant writer
- Usher
- Director of Photography
- Teaching Artist
- Sculptor
- Ticket Services Representative
- Concession worker
- Percussionist
- Security
- Building Services
- Video Game Designer
- Makeup Artist
- Illustrator
- and so many more...



Definitions

What are common definitions for labor protections?

- **Employee** means an individual that performs work for an employer in the capacity of an employee, as distinguished from a contractor, determined pursuant to Internal Revenue Service guidelines.
- **Employer** means a person who gainfully employs at least one Employee (in the capacity of employee and not an independent contractor).
- Independent Contractor means an individual that has the right to control or direct only the result of the work and not what will be done and how it will be done.
- Worker means either an Employee, or a contractor, determined pursuant to IRS guidelines (often referred to as an "independent contractor").
- W-2 v. 1099 Independent Contractor





What laws apply?

Independent Workers

& Contractors

 Illinois Freelance Worker Protection Act (FWPA)

Both Groups

- IL & Federal Classification / Misclassification
- Chicago Wage Theft
- Chicago Anti-Retaliation
- Chicago Discrimination and Harassment Ordinances

Employees

- Chicago Minimum Wage
- Chicago Paid Leave and Paid Sick and Leave Ordinance
- Chicago Fair Workweek



Chapter 2: Classifying Workers / Employees or Independent Contractors



Classification

Who dictates whether an individual is classified/ misclassified?

The Office of Labor Standards, the State of Illinois Department of Labor, the Internal Revenue Service and the U.S. Department of Labor all have ways to evaluate and enforce the appropriate classification of workers.

In Illinois:

Who is / Who's Not Covered: Independent Contractor Test



According to the IWPCA, "employee" includes any worker who performs work for an employer, unless that worker is a bona fide independent contractor:

- (1) free from control and direction over the performance of his work; and
- (2) performing work which is either outside the usual course of business or is performed outside all of the places of business of the employer unless the employer is in the business of contracting with third parties for the placement of employees; and
 - (3) is in an independently established trade, occupation, profession or business. (emphasis added)



Internal Revenue Service (IRS)

The <u>Internal Revenue Service</u> provides resources to help individuals determine if they are independent contractors or employees.

Independent contractor (self-employed) or employee?

English Español 中文(简体) 中文(繁體) 한국어 Pycckuǐ Tiếng Việt Kreyòl ayisyen

Individuals

Businesses and self-employed

Business tax account

Small business and self-employed

Employer ID numbers

Business taxes

Reporting information returns

Self-employed

Starting a business

Operating a business

Closing a business

Industries and professions

Small business events

Online learning

It is critical that business owners correctly determine whether the individuals providing services are employees or independent contractors.

Generally, you must withhold and deposit income taxes, social security taxes and Medicare taxes from the wages paid to an employee. Additionally, you must also pay the matching employer portion of social security and Medicare taxes as well as pay unemployment tax on wages paid to an employee. Generally, you do not have to withhold or pay any taxes on payments to independent contractors.

Select the scenario that applies to you:

- I am an independent contractor or in business for myself. If you are a
 business owner or contractor who provides services to other businesses, then
 you are generally considered self-employed. For more information on your tax
 obligations if you are self-employed (an independent contractor), see our selfemployed individuals tax center.
- I hire or contract with individuals to provide services to my business. If you
 are a business owner hiring or contracting with other individuals to provide
 services, then you must determine whether the individuals providing services
 are employees or independent contractors. Follow the rest of this page to find
 out more about this topic and what your responsibilities are.

Determining whether the individuals providing services are employees or independent contractors

Before you can determine how to treat payments you make for services, you must first know the business relationship that exists between you and the person performing the services. The person performing the services may be:

Related Topics

- Businesses with employees
- · Hiring Employees
- Know Who You're Hiring Independent Contractor (Selfemployed) vs Employee
- Voluntary Classification Settlement Program (VCSP) Frequently Asked Questions
- <u>Topic no. 762, Independent</u> contractor vs. employee

Forms & Instructions

- About Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding
- Completing Form SS-8

Publications

. About Publication 15, (Circular E),

- The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done.
- You are not an independent contractor if you perform services that can be controlled by an employer (what will be done and how it will be done). This applies even if you are given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed.



Fair Labor Standards Act (FLSA)

The <u>U.S. Department of Labor</u> provides the following chart to help individuals determine if they are independent contractors or employees.

Are You An Employee Or An Independent Contractor? Indicators of an Employee -OR-**Indicators of an Independent Contractor** Working for someone else's business In business for themself Generally, can only earn more by working Can increase profit through business decisions additional hours Typically provides their own materials, tools and Typically uses the employer's materials, tools and equipment equipment and uses them to extend market reach Often works with multiple clients Typically works for one employer or may be prohibited from working for others Continuing or indefinite relationship with the Temporary relationship until project completed employer Employer decides how and when the work will Decides how and when they will perform the work be performed Employer assigns the work to be performed Decides what work or projects they will take on These are general concepts. All relevant facts about the work relationship should be considered as a whole,



Chapter 3: IL Freelance Worker Protection Act





Illinois Freelance Worker Protection Act (FWPA)

What is it?

The FWPA provides protections for freelance workers in Illinois. Under the law, freelance workers are entitled to all of the following:

- A written contract that includes:
 - Name and contact information of both the hiring entity and freelance worker
 - Itemization of products and services
 - Rate and method compensation
 - Date of compensation due
 - Dates of services to be provided
- Full payment for the services by the due date in the contract, or if the due date is not specified, within 30 days of completing the services outlined in the contract
- Protection from retaliation and/or other negative action for exercising rights under the FWPA



FWPA continued...

Who is considered a freelance worker under the law?

Freelance workers must meet all of the following criteria under the law:

- Independent contractor
- Providing products or services in Illinois or works for a hiring entity located in Illinois
- Value of work equal to or greater than \$500 over a 120-day period (can be multiple contracts)

When does it apply?

The FWPA applies to contracts taking effect **after July 1**, **2024**.

What tools are available?

FAQs and sample contracts in 11 languages are available on the Illinois Department of Labor website.

Who can I contact with questions?

Email: dol.freelance@illinois.gov



For more information, follow this link.

Forthcoming Laws Enforced by the IL Department of Labor

What should I be planning for from the State?

Pay Transparency Requirements

On January 1, 2025, employers with at least 15 employees will be required to include the pay scale for a position in any job posting.



How to file a complaint with the State

The Illinois Department of Labor (ILDOL) has several divisions:

- Conciliation and Mediation Division (Employee Classification)
- Fair Labor Standards Division
- Illinois OHSA
- Leave Rights Division

ILDOL has partnered with DocuSign to make filing complaints easier. To file a complaint, visit this <u>link</u>.



Chapter 4: Chicago Labor Laws





Chicago Labor Laws Overview

Chicago Office of Labor Standards

MISSION – The Office of Labor Standards (OLS) is dedicated to promoting and enforcing Chicago's labor laws.

This presentation is intended to offer general guidance on Chicago's Labor Protection Ordinances.

Chicago Labor Laws

- **★** Minimum Wage
- ★ Paid Leave and Paid Sick and Safe Leave
- * Fair Workweek
- ★ Wage Theft
- ★ Anti-Retaliation (provisions in each law)
- **★** <u>Domestic Worker Contract requirements</u>

OLS cannot provide legal advice.

Employers should consult their own legal counsel to determine any actions that they should or shouldn't take to comply with the Ordinances.

Minimum Wage

MINIMUM WAGE

SETS MINIMUM WAGE IN CHICAGO (MCC 6-105)

July 1, 2024, Effective Date	Standard Employer 4 or more employees	Youth Workers	Tipped Workers	
			Standard Employer	Youth
Min Wage	\$16.20	\$15.00	\$11.02	\$10.20
Overtime Min Wage	\$24.30	\$22.50	\$19.12	\$17.70

All Domestic Workers must receive at least the \$16.20 minimum wage.

If the tipped wage plus tips does not equal the minimum wage, the Employer must make up the difference.

Note:

All Domestic Workers must receive at least the \$16.20 Minimum Wage.



Tipped Wage Credit (Phaseout) MCC 6-105-030

CHICAGO'S TIPPED WAGE CREDIT

Beginning July 1, 2024, Chicago will commence a 5-year phase out of its tipped wage credit. The tipped wage credit is 40% of the full Chicago minimum wage until June 30, 2024. If the tipped wage plus tips does not equal the minimum wage, the Employer must make up the difference.

Tipped Wage Credit Phaseout

- July 1, 2024, the tipped wage credit will be reduced to 32% of the Chicago Minimum Wage
- July 1, 2025, the tipped wage credit will be reduced to 24% of the Chicago Minimum Wage
- July 1, 2026, the tipped wage credit will be reduced to 16% of the Chicago Minimum Wage
- July 1, 2027, the tipped wage credit will be reduced to 8% of the Chicago Minimum Wage
- July 1, 2028, no tip wage credit will exist, tipped workers will make the full Chicago Minimum Wage.



Paid Leave and Paid Sick & Safe Leave Ordinance

What does it provide & who does it cover?

- Guarantees up to five (5) days of Paid Leave and five (5) days of Paid Sick Leave for most of Chicago's workers.
- Covered Employee means an Employee who, works at least 80 hours for an Employer within any 120-day period while physically present within the geographic boundaries of the City.

Definitions & proof/documentation

- Paid Leave means time that is provided by an Employer and can be used for any reason and is NOT Paid Sick Leave.
 - Not required to provide an Employer with a reason to use Paid Leave and may not be required to provide documentation as proof of use or in support of the use of Paid Leave.
- Paid Sick Leave means time that is provided by an Employer and can be used to recover from illness, take care of a family member, address domestic violence situations, and public health emergencies.
 - An Employer may request documentation only after an Employee uses Paid Sick Leave for three (3) consecutive work-days.



Fair Workweek

What rights are provided?

- Initial estimate of days & hours to be worked
- Notice of schedule changes
- Right to decline unscheduled hours offered less than 14 days in advance
- Predictability pay for unscheduled or cancelled work
- 50% pay for any hours (hrs) cancelled less than 24 hrs before start of shift
- Right to rest (to decline hours scheduled within 10 hrs of end of yesterday's shift)
- Right to rest pay (to 1.25x pay for shifts that begin within 10 hrs of end of yesterday's shift

What industries does this apply to?

Building Services, Healthcare, Hotels, Manufacturing, Restaurants, Retail, Warehouse Services

What other factors impact who this covers?

- Only Employees
- The employee must perform most work in Chicago.
- The employee must have a max. salary of \$61,149.35/year or \$31.85/hour.
- The employee must work for an Employer in a covered industry employing 100+ employees, 50 of whom are covered.



Wage Theft

What is it?

Wage theft is the failure to pay workers the full wages to which they are legally entitled. Wage theft can take many forms, including but not limited to:

- Minimum wage violations: Paying workers less than the legal minimum wage
- Overtime violations: Failing to pay nonexempt employees time-and-a-half for hours worked in excess of 40 hours per week
- Off-the-clock violations: Asking employees to work off-the-clock before or after their shifts
- Meal break violations: Denying workers their legal meal breaks
- Pay stub and illegal deductions: Taking illegal deductions from wages or not distributing pay stubs
- Tipped minimum wage violations: Confiscating tips from workers or failing to pay tipped workers the difference between their tips and the legal minimum wage
- Employee misclassification violations: Misclassifying employees as independent contractors to pay a wage lower than the legal minimum



Complaints & Investigations

What can the OLS do?

- 1. **Complaints**: Complaints can be submitted via form (online or mail), or by calling 311 or using the CHI 311 app. Resources are available on the OLS website.
- 2. Intake/Triage: OLS will review the complaint and contacts complainant(s)
- 3. Investigation: OLS will subpoen an ecessary records from the employer.
- 4. Settlement
- 5. DOAH / MLDC / Circuit Court



600+

Labor Standards complaints received

400+

Labor Standards complaints closed

\$430K +

Amount realized in restitution directly to workers

Data for January-December 2023

Chicago Commission on Human Relations (CCHR)

Who is CCHR?

The Commission on Human Relations promotes appreciation of Chicago's diversity and works to eliminate prejudice and discrimination. Commissioners, advisory councils, and staff conduct pro-active programs of education, intervention, and constituency building to discourage bigotry and bring people from different groups together.

The Commission enforces the **Chicago Human Rights Ordinance** and the **Chicago Fair Housing Ordinance**, which prohibit discrimination within the city of Chicago in the following areas:

- Housing
- Employment
- Credit Transactions
- Bonding
- Public Accommodations

Persons who feel they have been discriminated against in Chicago because of their membership in a protected class may file a Complaint with the Commission.

What actions does the Commission take?

The Commission investigates discrimination complaints, then, if there is substantial evidence of a violation, the Commission conducts an administrative hearing and issues a ruling, which may impose fines, damages, and injunctive relief if a violation was proved.

The Commission implements the Hate Crimes Ordinance by monitoring hate crimes in Chicago and aiding victims.

A complaint must be filed within 365 days of the alleged discrimination. Prevailing complainants may receive out-of-pocket damages, emotional distress damages, injunctive relief, attorney's fees and costs, and in some cases, punitive damages. A respondent found liable must also pay a fine to the City.



CCHR Resources



Home / Departments / Commission on Human Relations

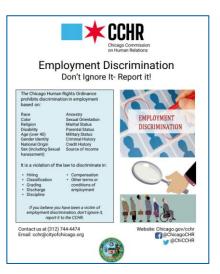












For additional resources, follow this link.



Chapter 5: Resources



OLS Resources & Contact Information

Visit the OLS site for Educational Resources on every Chicago Labor Law

Link to the OLS Website

Watch OLS Webinars on YouTube (Spanish & English)

Link to OLS's YouTube Playlist

Contact the OLS for one-on-one Consultations

Phone:

312-744-2211

Email:

bacplaborstandards@cityofchicago.org

Mailing Address:

2350 West Ogden Avenue, 2nd Floor Chicago, IL 60608 bacpoutreach@cityofchicago.org



OLS Website Preview





Business Education Webinars

BACP YouTube Page

BACP offers free business education webinars every Wednesday afternoon and Friday morning.

Topics include:

operations;

business licensing;

financial resources;

Programs are free and

open to the public and

professionals, not-for-

government agencies.

taught by industry

profit agencies, and

marketing, and more.



ChicagoBACP

@ChicagoBACP · 2.37K subscribers · 658 videos The City of Chicago Department of Business A & Consumer Protection (BACP) ensu ...more chicago.gov/bacp and 3 more links



Shorts

Videos



All workshops are recorded and posted on the BACP YouTube channel; several playlists have been thoughtfully created based on topics and ideas.

BACP Food Vendor Rules Overview

Employers of Creative Workers Know Applicable... 2024 Chicago Youth Expo

Spotlight On Success: Learn Insights To Grow Your...

Empower Hour: Brave Space

Make Your Own Profit and Loss Statement Easy

15 views • 2 weeks ago

50 views • 3 weeks ago

12 views • 2 days ago

32 views * 2 days ago

15 views . 3 days ago

28 views • 2 weeks ago

DCASE Resources & Contact Information

Contact DCASE

Email:

CulturalResources@cityofchicago.org

Attend upcoming Cultural Resources Office Hours

Sign Up for Office Hours (Available the 3rd Wednesday of every month)

Visit the Creative Work & Creative Worker Resource websites

<u>Link to the Creative Work page (with resources for employers)</u>

Link to the Creative Worker Resource page



Chicago.gov/CreativeWork

Creative Worker Rights



Learn more about labor laws and protections & ask questions at a July webinar!

- Tuesday, July 9, 10am For Employers of Creative Workers: Know the Labor Laws | Register
- Tuesday, July 16, 10am For Creative Workers: Know Your Rights | Register
- Martes 23 de julio, 10am Empleadores de Trabajadores Creativos: Conozca las leyes laborales aplicables | Registrarse
- Martes 30 de julio, 10am Trabajadores Creativos: Conozca sus derechos laborales | Registrarse



Homepage | Background | For Workers | For Employers

Creative workers are the foundation of Chicago's rich arts and cult

From artists to ushers to techs to administrators, and so may businesses, organizations, and communities.

orkers are fueling the imagination and design that are essential to the city's

likely than the general workforce to be self-employed. They are also more likely to work Artists and arts workers, a subset of creative work on through grants, residencies, and fellowships. multiple jobs and often earn income for their creative



External Information & Resources

Help Desks & Office Hours

- <u>Lawyers for the Creative Arts</u> (Attorney Office Hours every Friday from 11 a.m. to 12 p.m.)
- Arts Alliance Illinois Help Desk & Expanding Your Creative Nonprofit Series (July 23-25)

Model Contracts

- Illinois Department of Labor
- Chicago DanceMakers Forum

Accessibility Resources

- Mayor's Office for People with <u>Disabilities</u>
- <u>3Arts</u>

Wage/Fee Calculators

- MIT Living Wage Calculator
- Working Artists and the Greater Economy (W.A.G.E.)



Upcoming Webinars

Empleadores de Trabajadores Creativos: Conozca las leyes laborales aplicables

Martes 23 de julio, 10 a.m.

Registrarse

Trabajadores Creativos: Conozca sus derechos laborales

Martes 30 de julio, 10 a.m.

Registrarse

Accessibility

Auto-captioning will be provided through Zoom. To make accessibility requests, please contact BACP at BACPoutreach@cityofchicago.org, 312-744-6060.



Email Addresses

OLS

- <u>bacplaborstandards@cityofchicago.org</u>
- <u>bacpoutreach@cityofchicago.org</u>

DCASE

CulturalResources@cityofchicago.org

IL Department of Labor

• <u>dol.freelance@illinois.gov</u>



Chapter 6: Q&A





THANK YOU!