

FACTS ABOUT THE CHICAGO TIP CREDIT

TELL CITY COUNCIL TO SUPPORT THE TIP CREDIT FREEZE

SUPPORT A FREEZE ON THE ELIMINATION OF TIP CREDIT!

- ✓ On May 21, 2025, Alder Bennett Lawson introduced an ordinance to freeze the current tipped wage at 32%.
- ✓ Contact your local alder and ask them to support this ordinance.

ELIMINATING THE TIP CREDIT HURTS RESTAURANT WORKERS. HOW HAS CHICAGO BEEN AFFECTED?

- ✓ Between July 1, 2024, and December 31, 2024, when tip credit elimination began, Chicago's restaurant industry lost **5,200 jobs**.*
- ✓ Since 2024, shifts are being cut for tipped workers, and over **100** restaurants have closed.

TIPPED CHICAGO EMPLOYEES EARN WELL ABOVE THE MINIMUM WAGE

\$28.48/hr

Median tipped restaurant worker in Illinois earns; 90% more than current minimum wage of \$16.20/hour.**

86%

of tipped restaurant servers who believe they will earn less if the tip credit is eliminated.***

87%

of tipped employees believe the current system works and does not need to be changed.***

ELIMINATING THE TIP CREDIT WOULD NOT BE A RAISE FOR TIPPED EMPLOYEES

- ✓ **Tipped workers, customers, and business owners all benefit from the tip credit** because it maximizes server earnings, allows operators to hire ample service staff, and keeps prices affordable.
- ✓ Under current law, every tipped employee is already required to earn **at least the city minimum wage of \$16.20/hour**.
- ✓ That means if for any reason that a tipped employee makes less than the hourly minimum wage, their employer must make up the difference. **The notion that tipped employees make less than minimum wage is NOT true.**
- ✓ **Most payroll systems cannot process paychecks without confirming that every employee is being paid at least the minimum wage** for every hour they work (tips + cash wage).
- ✓ According to a new study, **86% of tipped employees believe that customers are unlikely to continue tipping if restaurant operators must add surcharges or fees** to cover the increased payroll costs.***



For more information, visit
PROTECTILLINOISHOSPITALITY.COM

*Bureau of Labor Statistics

**National Restaurant Association

***CorCom

FACTS ABOUT THE TIP CREDIT



IN CHICAGO

- Between July 1, 2024, and December 31, 2024, when tip credit elimination began, Chicago's restaurant industry lost **5,200** jobs.
- December 2024 marked the lowest level of full-service restaurant employment since **February 2023**, a time when the industry was still recovering from pandemic-related losses.
- As of December 2024, Chicago's eating and drinking establishments remain **21,000 jobs (7%) below** their pre-pandemic employment levels in February 2020.
- Over **100** restaurants have closed since 2024.



IN WASHINGTON, D.C.

- In May, Mayor Muriel Bowser called for a repeal of Initiative 82, which eliminated the tip credit in Washington, D.C.
- Between May 1, 2023, and January 31, 2024, when tip credit elimination began, Washington, D.C.'s full-service restaurants cut **3,700 jobs**.
- According to a Restaurant Association Metropolitan Washington survey, **full-service workers have lost jobs every month in 2024** compared to 2023. Roughly, **70%** of restaurants have cut hours, laid off staff or stopped hiring to reduce costs.
- A record **74** restaurants closed in 2024 in D.C.

HOW OTHER STATES ARE SUPPORTING THE TIP CREDIT

As part of her growth agenda for 2026, Mayor Muriel Bowser called for **reinstating the tip credit** in Washington, D.C., citing a perfect storm of increased operating and supply costs, higher rents, and unique labor challenges.

During the 2024 General Election, a majority of voters in Massachusetts (**64%**) **rejected** efforts to eliminate the tip credit, signaling strong resistance to a policy change driven largely by outside interests. Leaders emphasized that the tipping system is not broken and that such measures could devastate local economies, burden employers, and harm the very workers they claim to support.

During the 2024 General Election, a majority of voters in California (**>50%**) **rejected** efforts to raise the state's minimum wage



We are a hospitality-based economy. Following the federal government, it's the hospitality sector that allows people to buy homes, to put their kids through college, to live here and afford to live here. **And if restaurants close, there are no jobs.**

D.C. Mayor (D) Muriel Bowser



I think it's important to vote no on this [Question 5] because I think you run the risk of closing restaurants and putting these workers out of work, actually, because the restaurant owners I speak [to] are not going to be able to afford this and they're going to end up laying off people. In some instances, some have told me they're just going to shut down.

Massachusetts Governor (D) Maura Healey

PROTECT ILLINOIS HOSPITALITY — SUPPORT THE FREEZE ON ELIMINATING THE TIP CREDIT

CHICAGO SOURCES:

Data source: <https://fred.stlouisfed.org/series/SMU17169747072251101sa> | **Data source:** <https://fred.stlouisfed.org/series/SMU17169747072200001sa>

Note: Figures are shown for the Chicago-Naperville-Arlington Heights, IL MSA, because monthly data is not available for Chicago City. Full-service restaurant employment in Chicago City makes up the vast majority of total full-service restaurant employment in the Chicago-Naperville-Arlington Heights, IL MSA.

DC SOURCES:

Restaurant Association Metropolitan Washington
Bureau of Labor Statistics