

**VILLAGE OF LINCOLNWOOD
PRESIDENT AND BOARD OF TRUSTEES
SPECIAL COMMITTEE OF THE WHOLE MEETING
MINIMUM WAGE WORKSHOP
VILLAGE HALL COUNCIL CHAMBERS
DECEMBER 2, 2019**

Call to Order

President Bass called the Special Committee of the Whole Minimum Wage Workshop meeting of the Lincolnwood Board of Trustees to order at 6:09 P.M., Monday, December 2, 2019, in the Council Chambers of the Municipal Complex, 6900 North Lincoln Avenue, Village of Lincolnwood, County of Cook and State of Illinois.

On roll call by Village Clerk Beryl Herman the following were:

PRESENT: President Bass, Trustees Ikezoe-Halevi, Patel, Sargon, Hlepas Nickell, Cope, Klatzco (6:16 P.M.)

ABSENT: None

A quorum was present.

Also present: Anne Marie Gaura, Village Manager; Charles Meyer, Assistant Village Manager; Heather McFarland, Assistant to the Village Manager; and Melissa Rimdzius, Parks and Recreation Director

Regular Business

1. Presentation by Assistant Village Manager Charles Meyer of the Village of Lincolnwood on the Cook County Minimum Wage and Sick Leave Ordinance

Mr. Meyer provided an overview of the process and discussion to date using a PowerPoint.

Mr. Meyer provided a history of the Cook County Minimum Wage passing in October, 2016 with an effective date of July 1, 2017 and that the Village of Lincolnwood opted out of participating in the Cook County Minimum Wage and Sick Leave Ordinances in June, 2017. Since that time, the Village has adhered to the State standard for minimum wage and sick leave.

Mr. Meyer provided an overview of the State of Illinois minimum wage standards that would go into effect in January 2020 and compared those standards to the Cook County minimum wage standards.

An overview was provided on the communication efforts by the Village to inform the public on this discussion.

The presentation concluded with four policy questions for the Village Board to consider as the Workshop progressed including:

- Does the Village Board desire to opt in to the County Minimum Wage and / or Sick Leave Ordinances?
- Does the Village Board desire to make no modifications and wait until the State of Illinois changes for minimum wage take effect January 1, 2020?
- Does the Village Board want additional research conducted prior to a decision being made?
- Does the Village Board want to refer review of this topic to another Board, Commission, or Committee?

2. Presentation by Senior Medical Officer Kiran Joshi of the Cook County Department of Public Health

Dr. Kiran Joshi, MD, MPH, presented using a PowerPoint presentation. Dr. Joshi stated that he was present to provide a public health perspective on this topic.

Dr. Joshi stated that there was a noted and increasing gap between health outcomes for low-income and high-income workers throughout the years. Dr. Joshi stated that there was a higher rate of illnesses among low-wage workers across the board when compared to high income workers. Dr. Joshi stated that there is a very strong link between poverty and poor health outcomes. Dr. Joshi stated that increases in minimum wage and paid sick leave lead to better health outcomes.

Trustee Cope stated that he had looked up the areas in the world with the highest life expectancies and asked how those countries could apply to the Chicago area.

- Dr. Joshi stated that in his experience and research for the United States he found that poverty does account for a lot of the health outcomes.

Trustee Cope asked how much income needs to go up to get better health outcomes?

- Dr. Joshi stated that in his research as income generally goes up so do health outcomes. It was added that over the last 30 – 60 years those disparities have increased between wealth.

Trustee Hlepas Nickell stated that she had performed research on this topic and wanted to know if an increase in salary or benefits create a situation in which someone would lose access to state funded benefits such as SNAP and have an overall negative effective for workers?

- Dr. Joshi stated that he would yield to someone else who is present that may be more able to answer specific questions about how State or Federal benefits would be impacted by the passage of increases in minimum wage standards.

3. Presentation by Professor of Economics Steven Rivkin, PhD, of the University of Illinois at Chicago

Professor Steven Rivkin, PhD, spoke to the Village Board regarding the topic of minimum wage.

Professor Rivkin stated that poverty is damaging to society but said that it was less clear that if we have higher incomes that will lead to better outcomes. Professor Rivkin stated that higher incomes may lead to a higher fraction of employers decreasing the employment and negatively impacting workers. Professor Rivkin stated that a \$1 increase in the hourly rate had a minimal effect on the employment rate.

Professor Rivkin stated that technological changes and overseas competition, which lead to stresses on employment as low-skilled workers are replaced, are contributing factors to stresses for employment and availability of positions. Professor Rivkin stated that a better option may be a change in the earned income credit as opposed to a change in the minimum wage to better affect outcomes for low-income workers. It was stated that the burden for minimum wage increases falls on the business owners and that they would need to keep track of employment numbers and maybe could better address low-income residents with programs and subsidies.

Trustee Hlepas Nickell asked about the size of the population for minimum wage earners?

- Professor Rivkin stated that it was not his expertise but that a fair amount of those earning the minimum wage were younger or under 25 years of age.

Trustee Sargon asked if the fact that neighboring communities were opting in wouldn't there be a benefit to the Village to opt-in as well?

- Professor Rivkin stated that it potentially could have a negative effect if employment goes down as it may lead to more unemployment and that we don't know yet as we don't know how businesses will respond in these specific cases.

4. Presentation by Research Assistant Tessa Bonney of the University of Illinois at Chicago, School of Public Health

Professor Tessa Bonney, PhD and MPH, spoke using a PowerPoint presentation.

Professor Bonney stated that economic stability is at the top of the list for positive health incomes. Professor Bonney stated that in looking at studies related to income and health it was found that there is a strong correlation between health and income. By way of example, it was stated that a recent study found that if you were to increase the minimum wage by a \$1 per hour for parents there would have been a positive correlation in regards to infant birth weights and infant mortality. It was also found that the disease burden is higher on lower income individuals.

Professor Bonney provided research that showed that holding other factors constant, as income goes up so does life expectancy. It was found that those with higher incomes were regularly able to engage in a healthier lifestyle such as working out regularly or purchasing higher quality food or having doctors' visits. Parents with higher income are also able to support their kids academically.

Professor Bonney provided a case study in which an employee who went to work sick then lead to the spreading of illnesses to co-workers and patrons at their place of business. Professor Bonney also provided data in which they found that delays in seeking medical coverage leads to

worse health outcomes and greater usage of emergency room services. Professor Bonney found that increasing of the minimum wage and sick leave does lead to better health outcomes.

Trustee Cope asked what the income threshold for achieving better health?

- Professor Bonney stated that it was a complicated question but the research shows that any increase in income leads to an increase in health outcomes across the board.

Trustee Cope asked about Sardinia which it was found that they have longer health expectancy and in that situation it was tied to lifestyle.

- Professor Bonney stated that in the United States the research showed that there is a strong correlation between income and health.

Trustee Klatzco asked if the studies had a focus on presenteeism with higher income workers or about people having fear about losing their jobs?

- Professor Bonney stated that there are not many studies on that specific topic but that they are starting to look at that type of research.

5. Presentation by Professor of Social Service Administration Susan Lambert, PhD, of the University of Chicago

Professor Lambert, PhD, presented using a PowerPoint presentation.

Professor Lambert provided an overview of her background as someone who has researched organizations for the last 25 years over a series of different fields. Professor Lambert stated that she works with different organizations and firms to address employer issues. Professor Lambert stated that she was going to limit her presentation to three points in looking at the context, consequences, and feasibility related to low wages and lack of earned sick time.

Professor Lambert stated that with the changing of economy where traditional manufacturing jobs leaving the United States there is a higher reliance in retail or food service. It was found that in these types of positions there was significant variance in workers' schedules on a weekly basis with little input over their work schedule. Additionally, these positions are given wages in which they don't meet their basic needs in Cook County. It was found that the living wage for Cook County was in excess of the current State Minimum Wage, evening assuming a full-time schedule and that the lack of pay undermines investment in the employees by employers. It leads to difficulties in employees meeting the basic living needs.

Professor Lambert stated that when employers pay below the living wage it externalizes the cost for someone to meet the standards of a living wage because it requires use of the income tax credit (which is funded by taxpayers) or utilization of SNAP or similar services to make up the difference as opposed to those costs being paid by the employer through higher wages.

Professor Lambert stated that it was found that there is a higher correlation between pay and access to sick leave benefits. It was found on the lower end of the income spectrum only 14% of employees had access to sick leave benefits.

Professor Lambert discussed the consequences of the lack of earned sick time and discussed her findings that employers disliked unplanned absences and that employees who were ill or had a child who were ill were more likely to go to work sick. It was also found that if they call in sick they may be penalized for taking "unplanned" time off.

Professor Lambert stated that there was feasibility in raising the floor for job quality. It was found that there is variation across employers within the same cities and industries in which some already pay more than the minimum wage and provide sick leave to all workers. It was found that there was a cost to not improving jobs as demonstrated by the fact that managers cite low wages as the number 1 reason for losing employees and that there is strong evidence that employees will go somewhere else to find higher wages and better benefits. Professor Lambert stated that raising of the minimum wage and ensuring equal access to paid sick time strengthens the quality of the local workforce and the quality of services being provided by local businesses.

Trustee Nickell asked what the benefit threshold is for participation in SNAP.

- Professor Lambert stated that the benefit threshold for SNAP is about 150% of the poverty line.

Trustee Nickell requested that staff look at the actual numbers related to SNAP benefits and provide that information to the Board. Trustee Nickell voiced a concern that by raising the minimum wage it may have a detrimental effect on workers by jeopardizing access to SNAP or reduced child care costs.

Trustee Cope asked about where the money should come from when the majority of businesses and middle class come from small businesses. For example, you mentioned that for a family with a single child the cost is \$52,000 so the question is where does that money come from when historically the middle class has been comprised of the small shopkeepers?

- Professor Lambert stated that 52% of employees in the US work for larger organizations that have at least 500 employees. 64% of employers have over 100 employees. We tend to think that the majority of people work for small businesses based on how the census collects information. But if you look at the data, there are millions of small businesses. 75% of the small businesses classified by the census have no employees. It would be important to look at what percentage of people in Lincolnwood work for large companies.

Trustee Cope said that he looked at statistics before he came here and said that he found that the majority of employees were employed by small businesses. So my question would be why would we want to possibly sacrifice the employment of people in small businesses in regards to this proposal?

- Professor Lambert stated that if we were talking about much higher wage rates it might be concerning, but based on the wages that are being proposed the studies find that there wouldn't be a negative impact or if there was an impact it would be negligible. It was added that the wage rates the Village is looking at doesn't appear to negatively impact employment and the real concern is people not being able to pay their bills or take sick leave. It was found that if the minimum wage kept up with increases it would be \$11 an

hour today and if it kept up with productivity, which it did until the 1970s, it would be \$18 an hour today.

Trustee Klatzco asked if about the productivity of employees and asked if paying them more equates to higher productivity or if it is a component of better education?

- Professor Lambert stated that both better pay and education lead to higher productivity. It was stated that when employers pay more, they begin to view their employees as an asset and see the value in investing more in their employees through education and training.

Trustee Klatzco said isn't it better to have a better educated employee?

- Professor Lambert said that she didn't want to pit this against education but said that there are many instances where employees have the skills and abilities to do the job but maybe don't have the degree. On the job training is key to success. It was found that even with college degrees, if the jobs exist they will be worked and in the depths of the recession there were many lower-skilled jobs being worked by those with college degrees.

6. Presentation by Professor of Political Science Daniel Galvin, PhD, of Northwestern University

Professor Galvin, PhD, introduced himself and gave an overview of his background and how the field of political science can provide insight into this topic.

Professor Galvin stated that studies found that benefits from government and society were heavily skewed towards those who were better organized and had better resources to begin with to garner more benefits which has led to a lessening of benefits for those at the lower end of the socio economic spectrum. It was found that those with a business interest or the wealthy had a very strong veto power over legislation that may benefit the lower income citizens. Those in businesses or wealthy have more opportunity to participate in government activities than those who work at \$8.25 per hour.

It was added that a commanding super majority of those in Lincolnwood supported the implementation of the Cook County Minimum Wage and Sick Leave. It was stated by Professor Galvin that the bulk of economic research found that raising the minimum wage above the market wage does not provide a significant negative impact to the price of goods, employment security, or hours worked. Professor Galvin provided a summary of an aggregate of studies on this topic and those studies found that on average the impact of increasing the minimum wage would have a negligible impact on employers in terms of costs and prices and would provide an overall benefit.

Professor Galvin summarized his presentation by saying that: a majority of residents support the increase; studies found that the negative effects were negligible; and, that the business interests are a minority viewpoint on this topic.

Trustee Cope stated that with only 25% of the voters who participated in the election where the referendum occurred he wasn't sure if a majority of the residents support the raising of the minimum wage and sick leave. Trustee Cope stated that in Illinois government unions control the state legislature and have a strong influence on legislation as demonstrated by the increase in the minimum wage. Trustee Cope asked what the benefit would be for residents?

- Professor Galvin stated it would have a negligible effect on employment and that the noticeable difference would be an increase in income and health for residents.

Trustee Klatzco raised a note that it has been stated that a rise in the minimum wage leads to fewer people working. Does it lead to less people at work and more reliance on mechanization?

- Professor Galvin stated that you would need to measure the use of automation and that you would need to observe Lincolnwood for the next several years and see what effect, if any, automation would have on the Village.

Trustee Hlepas Nickell stated that in her research on this topic she found that a driving factor was related to costs being different across the State. For example, it is significantly cheaper to rent a hotel room downstate than it would be to rent a room in that same hotel in Chicago. Trustee Hlepas Nickell discussed the role of automation and how automation leads to the replacement of workers and that patrons should avoid self-checkout lines. In continuing it was stated that an increase in the minimum wage may not be the only path to success for raising the living conditions for people and that we should consider all options. Trustee Nickell noted as part of her research that she spoke with those in Edgebrook and found that they have fewer employees and they are paying more to retain them following the changes in sick leave and minimum wage.

7. Presentation by Worker Center Director Adam Kader of Arise Chicago

Adam Kader, Worker Center Director for Arise Chicago, presented to the Village Board.

Mr. Kader stated that he comes as an advocate for those who don't have paid sick days and minimum wage and that his job is listening to workers talking about their jobs. Mr. Kader stated that sick days are of huge importance and has performed research for the communities of Western Springs and Wilmette on this topic.

Mr. Kader stated that there are a lot of myths out there about the minimum wage and that his role is to provide information to address questions that are out there.

Mr. Kader addressed the demographics of those who earn the minimum wage and stated that over 80% of minimum wage earners are older than 21 years of age.

Mr. Kader stated that if you look at the locations where minimum wage increases were enacted the data shows that employment impacts have been negligible.

Mr. Kader stated that if the Village were to opt-in, then it would positively impact 2,048 workers within the Village of Lincolnwood due to the high rate of minimum wage workers in retail and restaurants in Lincolnwood. Mr. Kader cited an article titled, "No Big Deal" in

regards to an analysis of the impact of changes to the minimum wage in New York as a good article regarding information on the impact of these changes.

Mr. Kader stated that when the minimum wage is increased and impacts lower income workers it normally leads to them spending more money locally on goods and services, thereby keeping the money local and helping the immediate community. An increase in the minimum wage does create a higher upfront cost, but it also has other benefits in which it lowers the turnover costs and higher employee morale/productivity.

When workers have paid sick days, it reduces presenteeism and prevents spreading of sickness to other employees / the public. Additionally, it normally leads to parents not sending kids to school sick.

Mr. Kader stated Arise Chicago would not be promoting these policies if it thought that the policies in question would lead to fewer hours worked or a decrease in jobs for their constituents.

Trustee Klatzco asked if an employee makes \$15 per hour and gets 40 hours of sick leave, that works out to \$600 per employee per year and for an organization of 100 people that would be an additional cost of \$60,000 annually. How would you anticipate that the small business man would address that shortfall?

- Mr. Kader stated that businesses have been subsidized by paying low wages for these years and these increases are considered a misnomer since they are just catching up. Mr. Kader that the extra savings have been captured can be used by the businesses. To get an understanding of the impact of approving minimum wage and sick leave for businesses, we compared how many new businesses were created during the period prior to the implementation of sick leave and minimum wage to the period immediately after their implementation and found a net gain in new businesses, highlighting that there wasn't a significant impact on the businesses.

Trustee Hlepas Nickell stated that in the research that \$1 equates to about \$2,000 for an employer in addition to 25% - 30% when you include other costs for payroll taxes. So when looking at the additional costs, those would need to be absorbed on an individual basis by each employer.

- Mr. Kader stated that in the packet for materials provided to the State there was a study that found that increases in the minimum wage do not impact employment levels.

Public Forum

Edye Kamensky spoke in favor of raising the minimum wage and having sick leave and encouraged the Board to be responsive to the public. Ms. Kamensky emphasized the public's support on this topic as demonstrated on the recent referendum.

Caren Ex spoke in favor of raising the minimum wage and having sick leave and said that this should be part of Lincolnwood's brand to provide these benefits to the public.

Reverend C.J. Hawking, Executive Director of Arise Chicago, voiced her support in favor of the raising of the minimum wage and having paid sick leave. Reverend Hawking spoke to the composition of Arise Chicago which has 1/3 Clergy, 1/3 low wage workers, and 1/3 community leaders as part of the Board. In speaking to the question raised previously of how a business would respond to having a 100 workers making \$15 per hour needing 40 hours of sick leave that would equate to \$60,000 in annual costs, Reverend Hawking stated that their research found that sick leave on average accounts for about 1% of a business's total cost which would mean that the business in question would have around \$6 million dollars in total revenue in a given year and would be able to address the \$60,000 cost for sick leave in most cases.

Fran Morel of Food for Thought requested that the Village not opt in to the Cook County Ordinance and instead adhere to the State standard as of January 1, 2020. Mr. Morel voiced concerns about the small margins in the food industry and the difficulty that would be associated with absorbing those costs. It was stated that to adhere to the Cook County standard they would need to raise prices, lose business, and layoff employees in response to the increase in employment costs. Mr. Morel stated that Food for Thought was pro employee and will be doing sick leave next year and will lead to concerns for the business.

Nancy Sharpe of Food for Thought stated a desire to maintain the Village's current stance of opting out of the Cook County Ordinance for Minimum Wage. Ms. Sharpe stated that they have over 500 employees and are highly invested in Lincolnwood but have concerns about the impact of this change in the minimum wage would have on their business. Ms. Sharpe encouraged any interested person to come visit their location to see what is going on there.

Laura Mucha spoke in support of opting in to the Minimum Wage and Sick Leave Ordinances. She stated that she is the daughter and sister of small business owners and sees that there may be a burden in increasing the minimum wage but it also has benefits for the community.

Ray Grossman spoke in support of opting in to the Minimum Wage and Sick Leave Ordinances. Mr. Grossman said that while the bottom line for businesses is important, the Village needs to support the rights of workers.

Paula Tobin spoke in support of opting in to the Minimum Wage and Sick Leave Ordinances. Ms. Tobin said there is an increase in productivity and leads to loyal and happy employees.

Brian Adams of RF Mau spoke in regards to maintaining the status quo of opted out of the Minimum Wage and Sick Leave Ordinances. Mr. Adams stated that RF Mau has 70 full-time and contractual employees and if the opt-in occurs then they will lose the advantage over other communities and will need to look at layoffs or incorporate more automation.

Regular Business

1. Discussion and Potential Direction by the Village Board

At the conclusion of the Presentations and public forum the Village Board discussed the next steps for considering the Cook County Minimum Wage and Sick Leave Ordinances opt-in.

Trustee Sargon stated that she would like opting in for the Cook County Minimum Wage and Sick Leave Ordinances on the Village Board agenda for December 17.

Trustee Hlepas Nickell stated that she wanted more information before making a decision. Trustee Hlepas Nickell said that she came from a family that had to close the doors for their business because the margins had been lessened and made it difficult to stay in business. It was stated that from her research she had found that businesses are nervous about increasing the minimum wage, that Illinois is slow to implement changes for sick leave and minimum wage increases, and had concerns with comparing Lincolnwood to Chicago. Prior to a decision being made, Trustee Hlepas Nickell made a request for the following items:

- A request to get feedback from the Economic Development Commission
- Information from the mall in regards to the minimum wage
- What are the total costs for businesses when increasing the minimum wage

Trustee Ikezoe-Halevi stated that she was thankful of everyone who came to speak. Trustee Ikezoe-Halevi stated that it is a hard choice but that she will have to go with the Sick Wage and Minimum Wage increase and felt that no one should worry about having to use sick leave.

Trustee Klatzco stated that it concerns him when people put down businesses as they pay a lot of the taxes within the community. It was stated that he has 35 employees and that he voluntarily implemented an increase in the minimum wage for his business at a cost of \$10,000. Trustee Klatzco stated that he desired to have a fair and equitable resolution.

The Village Board continued their discussion regarding the next steps of the process. It was the consensus of the Village Board that the following items will occur

- Discussion of the Sick Leave and Minimum Wage Ordinances will be held at the December meeting of the Economic Development Commission.
- Questions be asked to Washington Prime related to demographic information, costs, and total employees for the Mall.
- The item will be discussed at the January 7 Village Board Meeting and the Village Attorney will draft an Ordinance related to the Minimum Wage and an Ordinance related to Sick Leave

Adjournment

At 9:23 P.M. Trustee Patel moved to adjourn Committee of the, seconded by Trustee Klatzco.

The motion passed by Voice Vote.

Respectfully Submitted,


Charles Meyer
Deputy Village Clerk