



1200 Wilmette Avenue
Wilmette, Illinois 60091-0040

(847) 853-7509
Facsimile (847) 853-7700
TDD (847) 853-7634

OFFICE OF THE
VILLAGE PRESIDENT

Date: June 19, 2017
To: Village Board of Trustees
From: Bob Bielinski, Village President
Subject: **Minimum Wage**

As you know, on June 27, 2017, the Village Board will consider an ordinance to “opt out” of the 2016 Cook County Ordinances concerning minimum wage and mandatory paid sick leave, both of which take effect on July 1, 2017.

As directed by the Board, the Village Staff is working to provide additional information to help Board members make informed decisions at the meeting on the 27th.

The Staff has requested additional information from the Wilmette/Kenilworth Chamber of Commerce, and the Chamber is reaching out to its members to help the Board better understand our business community’s point of view.

I’ve also asked four individuals to submit additional information for the Board’s consideration, as well as extending an invitation to each to speak at the meeting.

- Larry Suffredin, Cook County Commissioner (D-Evanston), sponsor of the County ordinances
- Sean Morrison, Cook County Commissioner (R-Orland Park), an opponent of the County ordinances
- Sam Toia, President and CEO of the Illinois Restaurant Association
- Ron Powell, President, Local 881 United Food and Commercial Workers union

In addition, I’ve asked Wilmette’s Corporation Counsel to draft a memo addressing legal issues related to the County ordinances and Wilmette’s legal authority in this area.

As requested by a number of Trustees, I am also sharing some of the background materials which I’ve reviewed and which you may find helpful to your research of the issues surrounding an increase in the minimum wage.

Chicago Working Group Report

“A Fair Deal for Chicago’s Working Families: A Proposal to Increase the Minimum Wage” contains the recommendations of Mayor Rahm Emanuel’s Minimum Wage Working Group. In May 2014, Mayor Emanuel appointed a working group of community, labor and business leaders to evaluate options for developing a balanced proposal to raise the minimum wage in Chicago. The Working Group held five public meetings and consulted with experts and stakeholders. In December 2014, the Chicago City Council approved an increase to the minimum wage.

In addition to background information and the Group’s recommendations, the report includes a list of academic research studies on minimum wage along with bullet points of summary findings for each study. I noted that a couple of the studies on the list were specific to Chicago, and not just general minimum wage research.

A comparable document does not exist for the Cook County Ordinances because a similar evaluation and study process was not undertaken by the County Board prior to adoption of the Ordinances.

Academic Research on the Minimum Wage

The minimum wage is among the most studied economic topics, and a review of academic research finds mixed opinions on the impacts of increasing the minimum wage. Much of the literature over the years suggests that a 10% increase in the minimum wage leads to a 1-3% reduction for teenage or low-skilled employment. More recently, some economists have called into question those conclusions and published studies that show minimal negative impacts from increasing the minimum wage.

David Neumark (economics professor and director of the Center for Economics and Public Policy at the University of California, Irvine) is one of the leading economists who promotes the traditional view of the impact of minimum wage increase. Michael Reich (professor of economics and chair of the Center on Wage and Employment Dynamics at the Institute for Research on Labor and Employment (IRLE) of the University of California at Berkeley) leads the group of economists which has presented research which shows minimal impact of minimum wage increases. Much of the recent literature is a back and forth between these two groups of economists, questioning the others research methodologies and data, as well as condemning their conclusions.

While their academic studies can be technical, lengthy and difficult to read, some of these economists have authored articles and opinion pieces which summarize their work and provides history and context of the minimum wage debate. For your convenience, I’ve attached a number of these articles. Of course, simply googling variations on phrases including “minimum wage” will yield many additional results.

Specifically, attached you will find the following articles:

“The Minimum Wage and Employment Dynamics.” Center for Economic Policy and Research. by Jonathan Meer and Jeremy West. September 10, 2013. <http://voxeu.org/article/minimum-wage-and-employment-dynamics>

“The Minimum We Can Do.” The New York Times. by Arindrajit Dube. November 30, 2013. <https://opinionator.blogs.nytimes.com/2013/11/30/the-minimum-we-can-do/>

“No, a Minimum-Wage Boost Won’t Kill Jobs.” Politico Magazine. by Michael Reich. February 21, 2014. <http://www.politico.com/magazine/story/2014/02/minimum-wage-boost-wont-kill-jobs-103769?o=1>

“Minimum Wage Debate Goes Local.” San Francisco Chronicle. by Ken Jacobs and Annette Bernhardt. April 18, 2014. <http://www.sfgate.com/default/article/Minimum-wage-debate-goes-local-5413650.php>

“The Unappetizing Effect of Minimum-Wage Hikes.” The Wall Street Journal. by Michael Saltsman. March 24, 2015. <https://www.wsj.com/articles/michael-saltsman-the-unappetizing-effect-of-minimum-wage-hikes-1427240817>

“The Minimum Wage: How Much is Too Much?” The New York Times. by Alan Krueger. October 9, 2015. <https://www.nytimes.com/2015/10/11/opinion/sunday/the-minimum-wage-how-much-is-too-much.html>

“A \$15 Wage Won’t Cost New York Jobs.” New York Daily News. by Michael Reich. March 11, 2016. <http://www.nydailynews.com/opinion/michael-reich-15-wage-won-cost-new-york-jobs-article-1.2560449>

“The Evidence is Piling Up That Higher Minimum Wages Kill Jobs.” The Wall Street Journal. by David Neumark. December 15, 2015. <https://www.wsj.com/articles/the-evidence-is-piling-up-that-higher-minimum-wages-kill-jobs-1450220824>

“A Minimum Wage Hike is the Wrong Fix.” Los Angeles Times. by David Neumark. March 18, 2016. <http://www.latimes.com/opinion/op-ed/la-oe-0318-neumark-fair-wage-act-problems-20160318-story.html>

News Coverage of Chicago Minimum Wage Increase and Cook County Minimum Wage Increase

I’ve also attached local new stories relating to the December 2014 minimum wage increase in Chicago and the Cook County Ordinances. Specifically:

“City Council Raises Chicago Minimum Wage to \$13 by 2019.” Chicago Tribune. December 2, 2014. <http://www.chicagotribune.com/news/local/politics/chi-chicago-minimum-wage-increase-13-20141202-story.html>

“Business Owners Cope as Chicago’s Minimum Wage Creeps Higher.” Chicago Tribune. July 5, 2016. <http://www.chicagotribune.com/business/ct-minimum-wage-update-0705-biz-20160701-story.html>

“Cook County Approves \$13 Hourly Minimum Wage Affecting Suburbs.” Chicago Tribune. October 26, 2016. <http://www.chicagotribune.com/business/ct-cook-county-minimum-wage-hike-1026-biz-20161025-story.html>

“Evanston Officials, Businesses Mixed on Proposed Minimum Wage Hike.” The Daily Northwestern. April 30, 2017. <https://dailynorthwestern.com/2017/04/30/city/evanston-officials-businesses-mixed-on-proposed-minimum-wage-hike/>

Recent Harvard Business School Study

Given the restaurant renaissance that downtown Wilmette has undergone since 2013, I found a recently published (April 2017) study from the Harvard Business School to be interesting and relevant to Wilmette. In “Survival of the Fittest: The Impact of Minimum Wage on Firm Exit,” the authors study the impact of the minimum wage on restaurant closures from 2008 – 2016 in the San Francisco Bay Area, where there have been 21 local minimum wage changes over the past decade.

The authors conclude that the evidence suggests that higher minimum wages increase overall exit rates for restaurants, but lower quality restaurants (as determined by Yelp ratings) are disproportionately impacted by increases to the minimum wage. They estimate that a \$1 increase in the minimum wage leads to a 14% increase in the likelihood of exit for a median rated restaurant (3.5 stars on Yelp), but no discernable impact on the best restaurants (5 stars on Yelp).

I’ve attached the study for your review.

I encourage each of you to review all the materials provided by the Staff.

If you have any questions, please feel free to reach out to Tim, Mike, Jeff or me.

RTB/