



ADIC

1436 W. RANDOLPH, SUITE 202  
CHICAGO, IL 60607

PHONE 773.769.6000  
WWW.ARISECHICAGO.ORG

## **Memorandum**

DATE: May 2, 2019  
TO: Transition Committee: Business, Economic and Neighborhood Development  
FROM: Arise Chicago  
RE: Office of Labor Standards Co-Enforcement Initiative

### **The improvement of low-wage jobs for community development**

Workers employed in low-wage jobs, an expanding sector of Chicago's workforce, face a crisis of enforcement of basic employment laws. This failure of enforcement prevents people from providing for their families and developing their communities. Nearly half of low-wage workers experience wage theft violations, resulting in an average loss of 16% of their wages. African Americans are 27 times more likely than their white counterparts to experience minimum wage violations. Foreign-born workers are 1.5 times more likely than their native-born counterparts to experience minimum wage violations. In total, employers illegally withhold over \$1 million of workers' wages daily in Cook County, prompting the passage of Chicago's Anti-Wage Theft Ordinance.<sup>1</sup>

The state of Illinois' failure to keep minimum wage apace with inflation led to the passage of Chicago's Minimum Wage Ordinance. Nearly 500,000 Chicago workers lacked access to paid sick time,<sup>2</sup> leading to the passage of Chicago's Earned Sick Leave Ordinance. The City passed these 3 ordinances without allocating any resources to their enforcement, resulting in a crisis of enforcement. There is an acute need to enforce Chicago's worker protections in order to stabilize working families and develop Chicago's immigrant and African American communities.

### **What is happening today that we need to keep: The Office of Labor Standards**

In October 2018, Chicago followed other major cities, including New York, San Francisco, and Seattle in enacting an ordinance to create an Office of Labor Standards (OLS) in order to house staff and resources to effectively enforce local employment statutes. City Council then approved a budget, calling for five full-time staff to be hired in Year One, beginning on January 1, 2019. Five months have passed without action taken towards realizing the goals and obligations of the OLS enabling ordinance. To date, the City is yet to hire OLS staff.

### **What needs to happen in the first 100 days**

Within the first 100 days we recommend that the new administration immediately proceed to hire an OLS Director. Doing so will allow the Director to begin hiring the first year staff, create office policies and

---

<sup>1</sup> *Unregulated Work In Chicago*

[https://www.researchgate.net/publication/259184011\\_Unregulated\\_Work\\_in\\_Chicago\\_The\\_Breakdown\\_of\\_Workplace\\_Protections\\_in\\_the\\_Low-Wage\\_Labor\\_Market](https://www.researchgate.net/publication/259184011_Unregulated_Work_in_Chicago_The_Breakdown_of_Workplace_Protections_in_the_Low-Wage_Labor_Market)

<sup>2</sup> *Valuing Good Health in Chicago: The Costs and Benefits of Earned Sick Time*

<https://iwpr.org/publications/valuing-good-health-in-chicago-the-costs-and-benefits-of-earned-sick-time/>

ADIC

rules, meet with stakeholders to initiate co-enforcement activities, address the current backlog of complaints, and begin new enforcement practices to address future complaints.<sup>3</sup>

### **What needs to be implemented for long-term success**

A range of best practices from other cities should be implemented to ensure the success of the Chicago OLS.

- **Employer Partnerships:** Allot \$200,000 annually for an employer education fund, whereby industry groups may apply for City grants to conduct education and outreach activities to raise awareness of the City's laws and foster a culture of compliance
- **Community Partnerships:** Allot \$600,000 annually for a worker education fund, whereby community advocacy organizations may apply to the City for grants to conduct education and outreach activities to workers and to bring forth complaints
- **Staffing:** Continue to develop the OLS by hiring additional staff, beginning in Year 2: Forensic Accountant, Enforcement Supervisor, Director of Health Equity, Intergovernmental Affairs Liaison, and Researcher. As needed, hire additional investigators, attorneys, paralegals, and other administrative staff
- **Data Collection:** Collect complaint trends, including by industry, geography, and demography, to determine areas with highest rates of violation and need
- **Targeted Outreach:** Use analysis of complaint trends to conduct targeted outreach and enforcement in priority workplaces to make the greatest impact with limited resources
- **Public Accountability:** Publish annually OLS enforcement data, such as number of complaints, number of complaint investigations opened and closed, sum of wages recovered, sum of fines collected, etc.
- **Strategic Publicity:** Publicize successful closings of complaints in order to educate workers about their rights and to deter violations from other unscrupulous employers
- **Intergovernmental Cooperation:** Establish memoranda of understanding with other key government agencies (Chicago Department of Public Health, Cook County Commission on Human Rights, IL Department of Labor, IL Attorney General) for information-sharing, referrals, and coordinated enforcement.

### **How these ideas promote equity, transparency and accountability, diversity and inclusion, and transformation**

This initiative promotes:

**Equity** by closing the earning gap for immigrant workers and workers of color; and by aiding the economic development of underinvested communities.

**Transparency and Accountability** by collecting and publicizing data; and through co-enforcement partnerships with key community stakeholders.

**Diversity and Inclusion** by enforcing laws that disproportionately benefit immigrant communities and communities of color; and by partnering with constituent organizations in those communities

**Transformation** by assisting low-wage workers to know their rights, advocate for themselves, and attain self-sufficiency.

---

<sup>3</sup> *Enforcing Labor Standards in Partnership with Civil Society* <https://doi.org/10.1177/0032329217702603>; *New Approaches to Enforcing Labor Standards* <https://chicagounbound.uchicago.edu/cgi/viewcontent.cgi?article=1594&context=uclf>

