



**Senate Committee of the Whole Testimony**  
**Tuesday, June 23, 2015**  
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**Chicagoland Chamber of Commerce**

President Cullerton, Leader Radogno, and members of the Senate thank you for the opportunity to speak before you.

My name is Michael Reeve, and I am the Vice President of Government Relations for the Chicagoland Chamber of Commerce. The members of the Chicagoland Chamber represent the breadth and diversity of this State's economic capital over 400,000 jobs and \$24 billion in revenue. Our members include corporate giants, as well as neighborhood business entrepreneurs.

The Chamber remains opposed to mandates such as minimum wage and paid sick leave. But to be clear: we all have the same goal Democrat and Republican, business and labor of lifting individuals out of poverty and allowing them to increase their standard of living for themselves and their families. It's the "how" that is not something we often agree on.

I am one of those individuals. I am the son of a single Mexican mother who grew up in a very low income household and whose family received food stamps for a period of time. While serving in the Army Reserves, working retail for several years and as a server, and volunteering in one of Chicago's most impoverished areas, the south Austin community, teaching GED courses to ex-offenders and high school dropouts, I put myself through college and law school.

Illinois is at a critical juncture. By implementing such mandates without first addressing our State's economic climate, we do more harm than good to not only the individual, but businesses, too. The implementation of such mandates, while very well intentioned, may have the opposite effect of not lifting people out of poverty.

Our economic climate limits businesses from expanding, hiring more people, and raising wages and benefits, organically. Similarly, when we don't address the structural reforms over the long term, the higher minimum wage and paid sick leave mandates mean much less to those individuals we all wish to see lifted up. That \$13 or \$15 an hour wage becomes much less when an individual has to pay for all the things, from a budget perspective, that have been neglected by all levels of government for generations.

In Chicago for instance, the vast majority of employees who do not have paid sick leave tend to be in lower wage occupations. Those industries tend to be situated in some of the more impoverished neighborhoods in Chicago, such as Englewood, Austin, East and West Garfield Park, among others. Employers would likely account for these mandates by reducing hours, cutting benefits, or automating some labor actions. 9 of the top 12 industries in Chicago are occupations that pay \$50,000 or less, and the most vulnerable to legislation we are discussing today.

Transportation & Warehousing, Accommodation & Food Service, Education, HealthCare & Social Assistance, Manufacturing, Retail & Wholesale Trade Services makeup 80.26% of at least one of the top 3 industries in each of Chicago's 77 neighborhoods. Meaning these policies would have the potential to cause a reduction in hours, benefits, and workforce to 80% of Chicago's industries.

For example, in Chicago, the Austin neighborhood has 28.6% of its households living below the poverty line. The Austin community has 22.6% of its neighborhood population unemployed, and, has at least one of the aforementioned industries as its top jobs provider that is most vulnerable to a reduction in hours, benefits, and workforce. Those statistics would likely increase as businesses have to contract to compensate for mandates such as the ones we are discussing today.

In San Francisco, a mandated paid sick leave policy caused a 15% reduction to all workers either laid off, or their hours reduced. Businesses with 10-24 employees saw the greatest increase in layoffs or hours being reduced. We think it is worth noting, because when we talk about these two issues, we are talking about neighborhood businesses in your districts and those you very likely support with your patronage, not necessarily the corporate giants that get much of the attention when discussing these issues.

Chicago recently passed a minimum wage ordinance of its own. The first scheduled increase is set for next Wednesday, July 1<sup>st</sup> to \$10 per hour. When we talk of contraction or reduction in benefits, the minimum wage issue in Chicago offers a clear and real example. While the Chicago ordinance indexes for inflation, and recognizes the impact of higher wages in times of unemployment, it did nothing to account for benefit packages already provided by the employer, that when included in the final hourly number, would have many employees making upwards of \$18 or \$20 an hour. Many employers would then take into account the higher minimum wage and balance that mandate, with the benefits already being provided, and whether to reduce those benefits among other options, to maintain an equilibrium.

We at the Chamber strongly believe that the proposed solutions are not only bad for business, but also are very likely to negatively impact the very people they are designed to help.

You may ask, well, what are your solutions?

- First, putting our fiscal house in order, provide businesses with certainty on what is coming down the pipeline. When businesses know what government is doing, they can plan ahead for the long-term.
  - 84% of uncertainty of economic conditions from small businesses;
  - 82% of midmarket companies state that one of the top challenges in Illinois is the ‘uncertainty of how state government actions will impact business.’;
  - 70% of our own membership cites the long term economic prospects for Illinois as a challenge.
- The Chicagoland Chamber’s Foundation has realigned our efforts on workforce development because it is good business, and good for individuals, to have people trained for the jobs of today and tomorrow. There are too many individuals not trained for the jobs that ARE available. Those jobs are often higher in wages and sick leave than the floor being considered today.
  - 25% of small businesses say hiring skilled workers is a challenge, while 65% say it is ‘somewhat/extremely difficult to find qualified candidates for open positions.
  - One of our members was sharing how for every job they have available; it takes 72 applications to get 1 qualified individual.
- Make college more affordable Mayor Emanuel’s efforts in this area are admirable providing more STEM opportunities to students in Chicago public

schools (along with many Chamber partners), and his focus on providing a free 2 year education through the City Colleges of Chicago.

- Transportation infrastructure is critical, and providing efficient and expansive transportation options are critical to not only maintaining the quality of life for current employees, but also to allow those who need skill development to access those resources.

As President Cullerton likes to rightfully remind many of us, “I like Illinois.” Our members like Illinois too there are a lot of great things happening in Chicago and Illinois but, not everything is where it needs to be for our state and region to remain competitive. Like everything, it lies in moderation.

I would like to thank the Senate for your willingness to facilitate this discussion on the issues. The Chicagoland Chamber looks forward to working with you all in a bipartisan manner and thanks you for your public service.

Thank you.