

# FACTS ABOUT THE CHICAGO TIP CREDIT

## TELL CITY COUNCIL TO SUPPORT THE TIP CREDIT FREEZE

### CHICAGO RESTAURANTS STRUGGLE TO SURVIVE!

496

Chicago restaurants closed in the first half of 2025 alone.\*

12,800

jobs below pre-pandemic employment levels.\*\*

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

According to a survey of over 300 restaurants, as a result of the minimum tipped wage increase on July 1, 2024:

- ✓ 84% of restaurants increased menu prices
- ✓ 69% cut employee hours, and
- ✓ 62% reduced their number of employees.\*\*\*

### TIPPED CHICAGO EMPLOYEES EARN WELL ABOVE THE MINIMUM WAGE

\$28.48/hr

Median tipped restaurant worker in Illinois earns 75% more than current Chicago minimum wage of \$16.60/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 \$16.60/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.**



For more information, visit  
[PROTECTILLINOISHOSPITALITY.COM](http://PROTECTILLINOISHOSPITALITY.COM)

\*Datassential  
\*\*Bureau of Labor Statistics  
\*\*\*Illinois Restaurant Association  
\*\*\*\*National Restaurant Association  
\*\*\*\*\*CorCom



## IN CHICAGO

- As of December 2025, Chicago's fullservice restaurants remain **7,800 jobs (6%) below** their pre-pandemic employment levels.
- According to a survey of over 300 restaurants, **84%** of restaurants increased menu prices, **69%** cut employee hours, and **62%** reduce their number of employees as a result of the minimum tipped wage increase on July 1, 2024.
- In Chicago, **496** restaurants closed in the first half of 2025 alone.



## 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 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 **92** restaurants closed in 2025 in D.C.

## HOW OTHER STATES ARE SUPPORTING THE TIP CREDIT

In July 2025, the D.C. Council and Mayor Bowser made changes to Initiative 82 and **reinstated** the tip credit in Washington, D.C., due to the negative impacts it had caused.

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.



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:

Bureau of Labor Statistics

**Note:** Figures are shown for the Chicago-Naperville-Schaumburg, 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-Schaumburg IL MSA.

### DC SOURCES:

Restaurant Association Metropolitan Washington

Bureau of Labor Statistics