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# Eric Williams: Restaurants can't withstand more legislative mandates

**By Eric Williams | March 25, 2024**

Today, it feels like the world is out to pick your pocket.

It is tough to be a consumer. Everywhere we're nickel-and-dimed in what feels like death by 1,000 paper cuts. Inflation, shrinkflation and the high cost of goods are real. But in restaurants, the price of the product alone is not to blame.

Wage mandates and labor shortages are contributing to consumer costs more than any other cause. But not all businesses are created equal.

Small, minority-owned neighborhood restaurants are feeling the pinch more than most.

Not only do we struggle with the same business dynamics of other restaurants, but also, we do so under different market forces. Every day, we must prove that we deserve the same volume of customers at the same prices. Whether consciously or subconsciously, we have to ask: What are people willing to pay at small neighborhood independents? Are they willing to travel for it? Will they respond well to it? When macroeconomic forces hit, such as recessions and inflation, we feel it twice as hard while we paddle just as fast to simultaneously resolve these questions. New legislative mandates exacerbate this reality.

The Illinois House is now grappling with a proposal to eliminate the tip credit provision from the minimum wage law. While I choose to believe there are good intentions here, I know — as intimately as one can — that the legislation will actually hurt the workers it seeks to help in addition to increasing the burden to small businesses.

Illinois outpaces neighboring states in wages earned by tipped employees with a tip credit that is higher than the federal minimum wage. On average, servers at my Bronzeville restaurant make $40 to $50 per hour, with some earning even more on busy nights. I've witnessed servers taking home up to $700 per shift, a testament to the viability of our current tipping structure and a credit to our industry.

In the past, maintaining labor costs below 25% was considered a noteworthy achievement. However, this has become increasingly more difficult to do, with establishments now grappling to keep labor costs under 30%. The current proposal potentially could increase labor costs by up to 50%. As a result, we would be forced to reduce staff, eliminate beloved menu items, increase prices or move to automation.

That is not what we want to do, especially in Bronzeville.

Our clientele will change. We will lose a disproportionate number of our neighborhood diners who will be unable to afford dining out here.

Local establishments such as mine serve as more than just places to eat; they're incubators of creativity and engines of economic opportunity. They are sources of pride on their blocks. At my restaurant, we pride ourselves on hiring from the community and providing opportunity for young people looking to work in hospitality, where they can learn critical professional skills that incorporate sales, service and teamwork with incomes that other industries do not provide.

Restaurants have always been our country's places to connect. After the pandemic, they were the first places to test the waters to see if it was safe again. There's a reason. We are about connection. We are about identity. We are about memories and milestones, first dates and 50th wedding anniversaries.

But we are single-handedly eroding the fabric of our community one restaurant at a time, leaving consumers to ask: When did dining become a privilege reserved only for those who have a lot of money? But there will be no one to answer. Restaurants will simply close their doors.

We can't raise expenses by 50% and expect nothing else to change. Something has to give. The math isn't "mathing."

The average restaurant used to make 3% to 5%. Now it is even less. Establishments once earned nickels and dimes on the dollar. Today, we earn pennies, which is a precarious place to be.

*Eric Williams is a founder and co-owner of Bronzeville Winery in Chicago.*