

Chicago Approves Ordinance to Increase the Minimum Wage

December 9, 2014

By Julie Badel

The Chicago City Council has approved [an ordinance](#) (“Ordinance”) to increase the city’s minimum wage to \$10 per hour on July 1, 2015, with successive increases to \$10.50 per hour on July 1, 2016; \$11.00 per hour on July 1, 2017; \$12 per hour on July 1, 2018; and \$13.00 per hour on July 1, 2019. On each of these increase dates, “covered employees” (as defined in greater detail below) are entitled to the highest of (i) the federal minimum wage, (ii) the state minimum wage, or (iii) the minimum wage set forth in the Ordinance. Thereafter, each July 1, beginning in 2020, the minimum wage will rise to the greatest of (i) the federal minimum wage, (ii) state minimum wage, or (iii) the city’s minimum wage, increased from the prior year’s city minimum wage in proportion to the increase in the Consumer Price Index for All Urban Consumers (“CPI”).

The Ordinance applies to all individuals and business entities that (i) maintain a business within the geographical boundaries of the city and/or (ii) are subject to Chicago license requirements and (iii) who employ at least one “covered employee.” A covered employee is one who spends at least two hours of work in any two-week period in the city of Chicago. Compensated time spent travelling, such as making deliveries or sales calls (but not commuting time), is considered work within Chicago’s boundaries.

Domestic workers who work in Chicago, including those employed by employers with fewer than four employees, are covered by the Ordinance.

Special provisions apply to tipped employees. On July 1, 2015, such employees are entitled to the greater of the state or federal minimum wage plus 50 cents, and on July 1, 2016, they are entitled to the greater of the federal or state minimum wage plus \$1 per hour. On July 1, 2017, and each July 1 thereafter, they are entitled to the greatest of (i) the federal minimum wage for tipped workers, (ii) the state minimum wage for tipped workers, or (iii) the city’s minimum wage for tipped workers from the previous year, increased in proportion to the CPI.

The Ordinance does not apply to several categories of employees with special minimum wage exceptions pursuant to the Illinois Minimum Wage Law, including:

- those paid less than the state minimum wage during the first 90 days of employment,
- employees under the age of 18 who are paid less than the minimum wage,
- camp counselors,
- disabled individuals who are paid a sub-minimum wage, and
- “learners.”

Employers are required to post at each Chicago facility where a covered worker is employed a notice setting forth the minimum wage and attendant employee rights. Employers may not retaliate against employees for exercising their rights under the Ordinance.

Penalties for violating the Ordinance include a fine of \$500 to \$1,000 for each offense, and each day a violation occurs is a separate offense. Employees may file a civil action for noncompliance with the Ordinance, and they may recover three times the amount of the underpayment plus attorneys’ fees and costs. An employee’s agreement to work for less than minimum wage is no defense.

What Employers Should Do Now

- Determine which employees will be affected by the Ordinance.
- Budget for the planned increases.
- Revise pay ranges associated with job descriptions.

* * * * *

If you have questions about the Ordinance or any other developments in the labor and employment area in Illinois, please contact:

Peter A. Steinmeyer
Chicago
312/499-1417
psteinmeyer@ebglaw.com

Julie Badel
Chicago
312/499-1418
jbadel@ebglaw.com

Zachary C. Jackson
Chicago
312/499-1462
zjackson@ebglaw.com

Mark M. Trapp
Chicago
312/499-1425
mtrapp@ebglaw.com

This document has been provided for informational purposes only and is not intended and should not be construed to constitute legal advice. Please consult your attorneys in connection with any fact-specific situation under federal law and the applicable state or local laws that may impose additional obligations on you and your company.

About Epstein Becker Green

Epstein Becker & Green, P.C., established in 1973, is a national law firm with approximately 250 lawyers practicing in 10 offices, in Baltimore, Boston, Chicago, Houston, Los Angeles, New York, Newark, San Francisco, Stamford, and Washington, D.C. The firm's areas of practice include health care and life sciences; employment, labor, and workforce management; and litigation and business disputes. Founded as an industry-focused firm, Epstein Becker Green has decades of experience serving clients in health care, financial services, retail, hospitality, and technology, among other industries, representing entities from startups to Fortune 100 companies. For more information, visit www.ebglaw.com.

© 2014 Epstein Becker & Green, P.C.

Attorney Advertising