



-Action Required for Employers with Employees in Chicago- Chicago Minimum Wage Ordinance Effective July 1, 2015

Chicago's Minimum Wage Ordinance went into effect on July 1 of this year for all covered employers and employees. The Ordinance raises the minimum wage for Chicago workers to \$13 per hour by 2019.

These rates will increase annually. Wage increases for non-tipped employees will be tied to the Consumer Price Index (CPI) after 2017. Increases for tipped employees will be tied to the CPI after 2016. The increases, effective July 1, raised the hourly rate from \$8.25 to \$10 an hour, are as follows:

Chicago **non-tipped** employees can expect the following wage increases in the next three years:

- July 1, 2015 – \$10.00 per hour
- July 1, 2016 – \$10.50 per hour
- July 1, 2017 – \$11.00 per hour

Chicago **tipped** employees can expect the following wage increases in the next three years:

- July 1, 2015 – \$5.45 per hour*
- July 1, 2016 – \$5.95 per hour
- July 1, 2017 – not yet determined, will increase with CPI

*Tipped employees must receive a cash wage of at least \$5.45 per hour, which, along with the maximum tip credit of \$3.30 per hour provided under the Illinois Minimum Wage Law, means that tipped employees must receive at least \$8.75 per hour in cash wages and tips, with no more than \$3.30 of that amount comprising tips.

Who the Ordinance Applies To

The Ordinance applies to all employers that maintain a business facility within the city of Chicago and/or are required to obtain a business license to operate in the city. It also applies to all employees of covered employers who work at least two hours in the city during any particular two-week period. Notably, this will include domestic employees and home health care workers.

The increased wage applies only while the employee is physically present within the geographic boundaries of the city, but includes all "compensable" time spent traveling in the city. Commuting time is not considered compensable time, but time spent doing deliveries, sales calls, and travel within the city other than commuting time is covered. There are exceptions to the Ordinance for certain employees, such as those taking part in government-subsidized temporary youth employment programs. The Ordinance does not exclude exempt employees under the white-collar exemptions of the federal Fair Labor Standards Act. Although those individuals remain exempt from overtime under the Ordinance, they must still receive a minimum hourly wage as set forth in the Ordinance.

Required Posting and Notices

Covered employers also have posting and notice obligations. Covered employers with a business facility in the city at which a covered employee works must post at the facility a notice of the city minimum wage



and the employee's rights under the Ordinance. In addition to the posting requirement, covered employers must also provide with the first paycheck issued to any covered employee after July 1, 2015, the form notice advising the employee of the city minimum wage and their rights under the Ordinance, which may be the same notice used for the posting requirement. Employers must provide new employees with a copy of this notice before issuing the first paycheck to that employee.

This notice is [available online](#) from the city's Commissioner of Business Affairs and Consumer Protection.

Cost of Non-Compliance

Failure to comply with these increases violates Chicago wage laws, which establish steep penalties for violations, regardless of whether the violations were willful or committed in good faith. In addition to employer exposure to civil liability and criminal penalties, certain individuals within an organization can be held personally liable to pay these damages and penalties. If an employer does not comply with the Ordinance, it may be fined \$500 to \$1,000 for each offense, and each day that a violation continues constitutes a separate and distinct offense to which a separate fine will apply.

Steps for Employers

1. Chicago employers should review their employees' wages to ensure they comply with the new law and that the appropriate changes have been made.
2. Updated posters have not yet been released. As soon as these posters become available, HR Knowledge will send its clients an e-alert on how to either download or order a new poster.
3. If you are an HR Knowledge payroll client, please send any minimum wage changes to your Client Account Manager via your customized Employee Change Form.

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