

# City of Chicago Approves Paid Sick Time and Reminder... Chicago Minimum Wage Increases to \$10.50 on July 1, 2016

## Labor & Employment Law Update

By Sara Zorich on June 28, 2016

### **City of Chicago Approves Paid Sick Time**

On June 21, 2016, we posted a blog on the City of Chicago's proposed ordinance mandating paid sick leave, including details about who it covers and how it could impact business owners.

On Wednesday, June 22<sup>nd</sup>, the full City council passed the ordinance. Effective July 1, 2017, part time and full time employees in Chicago will accrue 1 hour of sick leave for every 40 hours they work – with a cap of 5 days paid leave per 12 month period.

Employers can utilize their existing paid time off policies if they are more generous than the Chicago ordinance; however, the ordinance REQUIRES mandatory carry-over of accrued but unused sick time, which is something many paid time off policies do not allow. Chicago employers should begin reviewing their current sick time or paid time off policies to ensure compliance with the ordinance. If Chicago employers do not have any policies in place, they will want to do so by July 2017.

### **Reminder... Chicago Minimum Wage Increases to \$10.50 on July 1, 2016**

Last year, the Chicago Minimum Wage Ordinance went into effect. This ordinance requires a mandatory yearly increase to the Chicago minimum wage. *As of July 1, 2016, the Chicago Minimum Wage increases to \$10.50/hr and the minimum wage for tipped employees increases to \$5.95/hr with an applicable tip credit of \$4.55 (i.e., \$10.50 minus \$5.95).*

Unless an employee is exempt from overtime under the Illinois Minimum Wage Law (IMWL), employers subject to the Chicago Ordinance must pay employees overtime of 1.5 times the City's minimum wage. This means that on July 1<sup>st</sup>, 2016, the Chicago's minimum overtime wage will be \$15.75 per hour (i.e. \$10.50 times 1.5) and the overtime rate for tipped employees is \$11.20 (i.e. \$15.75 – \$4.55).

Employers should check their record keeping and payroll systems to ensure this change is implemented as of July 1, 2016.

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