

REMINDER – Chicago Minimum Wage Ordinance Requires Notices and Wage Increases Starting July 1st!

Labor & Employment Law Update

By Sara Zorich on June 29, 2015

This Wednesday, July 1, 2015, Chicago's Minimum Wage Ordinance (Chicago Municipal Code §1-24) goes into effect, increasing the minimum wage to \$10.00 per hour for non-tipped employees and \$5.45 for tipped employees.

IMPORTANT NOTICE REQUIREMENTS: All employers that maintain a business facility within the geographic boundaries of Chicago AND/OR are subject to one or more of the license requirements in Title 4 of the Municipal Code of Chicago are covered by Chicago's Minimum Wage Ordinance and **MUST** do the following starting July 1st:

1. Post Chicago's Minimum Wage Poster by July 1st!
2. Include a copy of Chicago's Minimum Wage Poster with the first paycheck issued after July 1st to each employee that is subject to the Ordinance (i.e. works at least 2 hours in Chicago, or at some point may work at least 2 hours in Chicago)!
3. Include a copy of Chicago's Minimum Wage Poster with the first paycheck of any employee hired after July 1st!

From our prior Chicago Minimum Wage Ordinance Post, here are points that you need to know about the Chicago Minimum Wage Ordinance:

1. Covered Employers: Any individual, partnership, association, corporation, limited liability company, business trust, or any person or group of persons that has at least one employee and (1) maintains a business facility within the geographic boundaries of Chicago **AND/OR** (2) is subject to one or more of the license requirements in Title 4 of the Municipal Code of Chicago.
2. Covered Employees: Any employee who works for at least 2 hours in any two-week period within Chicago's geographic boundaries, including driving through Chicago during work (e.g., that delivery driver that takes Route 94 from Evanston to Gary and gets stuck in rush hour traffic is covered!).
3. Hours subject to Chicago's Minimum Wage: Chicago's Minimum Wage only has to be paid for hours worked by the employee when he or she is

physically present within the geographic boundaries of Chicago. This includes time spent driving during working hours, but does not include time commuting between home and work.

4. Non-Tipped Employees' Hourly Rate: Chicago's Minimum Wage for non-tipped employees starting July 1, 2015 will be \$10.00/hour, and increase as follows: July 1, 2016 to \$10.50/hour; July 1, 2017 to \$11.00/hour; July 1, 2018 to \$12.00/hour; July 1, 2019 to \$13.00/hour; and each July 1st thereafter, Chicago's Minimum Wage will increase by an amount announced by the Commissioner of Business Affairs and Consumer Protection (and, of course, if the CCMW is less than the Illinois or Federal minimum wage, then the highest wage rate applies).
5. Tipped Employees' Hourly Rate: Chicago's Minimum Wage for tipped employees starting July 1, 2015 will be the greater of the Federal or Illinois minimum wage for tipped employees plus \$0.50/hour, and increase as follows: July 1, 2016 by an additional \$0.50 (\$1.00 total); and each July 1st thereafter, Chicago's Minimum Wage will increase by an amount announced by the Commissioner.
6. Penalties & Damages: A fine of \$500.00 to \$1,000.00 per day for each offense that is not corrected. Potential license suspension or revocations and an order to pay restitution to underpaid employees. Additionally, employees can pursue a private cause of action to recover THREE times the underpayment, attorney fees and costs.
7. Union/CBA Issues: There is no grandfathering for current "in-force" collective bargaining agreements! This means that, depending on the provisions of a current CBA, there could be an automatic increase in all employees' wages (i. e., if only the lowest paid employee's rates are defined and each other level is based a percentage higher), or the union could even demand to re-open bargaining mid-contract. We anticipate that there will be substantial controversies over this.

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