

City of Chicago Minimum Wage

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About Chicago

On December 2nd, 2014, the Chicago City Council passed an ordinance that will raise the minimum wage for Chicago workers to \$13 per hour by 2019. This measure, sponsored by Mayor Rahm Emanuel, Alderman Will Burns, Alderman Pat O'Connor, and 31 other aldermen, will increase the earnings for approximately 410,000 Chicago workers, inject \$860 million into the local economy, and lift 70,000 workers out of poverty.

In 2015, the City will begin phasing in its new minimum wage, as provided by the ordinance. This phase-in will help simplify the early years of implementation for businesses and employers. The City's ordinance raises the hourly minimum wage to \$10 in 2015, \$10.50 in 2016, \$11 in 2017, \$12 in 2018, and \$13 in 2019, indexed annually to the Consumer Price Index (CPI) after 2019.

The ordinance also increases the minimum wage for tipped employees in from the current state minimum of \$4.95 to \$5.45 in 2015 and \$5.95 in 2016, indexed annually to the CPI after 2016.

The full text of Minimum Wage ordinance is available [HERE](#).

Implementation Timeline*

Effective Date	Non-Tipped Employees	Tipped Employees
Current	\$8.25	\$4.95
July 1, 2015	\$10.00	\$5.45
July 1, 2016	\$10.50	\$5.95
July 1, 2017	\$11.00	Increases with CPI*
July 1, 2018	\$12.00	Increases with CPI*
July 1, 2019	\$13.00	Increases with CPI*
July 1, 2020	Increases with CPI*	Increases with CPI*

* The ordinance provides that the minimum wage will not increase when the unemployment rate in Chicago for the preceding year, as calculated by the Illinois Department of Employment Security, was equal to or greater than 8.5 percent. The ordinance also provides that if the CPI increases by more than 2.5 percent in any year, the minimum wage increase shall be capped at 2.5 percent.

To Whom Does the Minimum Wage Ordinance Apply?

- **Employers:** 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 are subject to the minimum wage ordinance.
- **Employees:** Employees who work two hours in the City within the period of two weeks qualify for the minimum wage required by the ordinance.[‡] This includes domestic employees and home health care workers. A union may waive its members' rights to collect the minimum wage as part of a collective bargaining agreement.

[‡]Time spent traveling in the City that is compensated time, including, but not limited to, deliveries, sales calls, and travel related to other business activity taking place within the City counts toward hours worked; time spent traveling in the City that is uncompensated commuting time does not.

To Whom Does the Minimum Wage Ordinance NOT Apply?

- Employees taking part in government-subsidized temporary youth employment programs.
- Employees taking part in government-subsidized transitional employment programs.
- Employees of any governmental entity other than the City.
- Certain employees exempted under state law, including:
 1. Employees under 18 years of age. Employers are authorized to pay these employees a wage 50 cents below the state minimum hourly wage.

2. Adult employees (i.e. those 18 years of age or older) in the first 90 days of employment. Employers are authorized to pay these employees a wage 50 cents below the state minimum hourly wage.
3. Disabled employees, pending state approval. Trainees taking part in a program for no more than six months, pending state approval.
4. Employees working at a business with three or fewer employees, not counting the employer's parents, spouse, children or other members of the employer's immediate family.

Other Employer Requirements

- Employers that pay a covered tipped employee must make available at the request of the Commissioner of Business Affairs and Consumer Protection substantial evidence that establishes: (i) the amount the employee received in gratuities during the relevant pay period and (ii) that no part of that amount was returned to the employer. If an employer is required by the state minimum wage law to provide substantially similar data to the Illinois Department of Labor, the Commissioner may allow the employer to comply with this requirement by filing a copy of the state documentation.
- Employers with a business facility in the City at which a covered employee works must post notice at the facility of: (i) the City minimum wage and (ii) the employee's rights under the ordinance. The Commissioner of Business Affairs and Consumer Protection will prepare a form notice and make it available online to employers. Employers that do not maintain a business facility within the geographic boundaries of the City and households that serve as the worksite for domestic workers and home healthcare workers are exempt from this requirement.
- Employers must provide with the first paycheck issued to any covered employee a form notice advising the employee of (i) the City minimum wage and (ii) the employee's rights under the ordinance. The Commissioner of Business Affairs and Consumer Protection will prepare a form notice and make it available online to employers.
- Employers may not discriminate or take any adverse action against any covered employee in retaliation for exercising a right covered under the ordinance.
- Employers that violate the Minimum Wage ordinance will be fined \$500 to \$1,000 for each offense. Each day that a violation continues constitutes a separate and distinct offense to which a separate fine shall apply.

Executive Order Increasing the Minimum Wage for City Contractors and Subcontractors

On September 2, 2014, Mayor Emanuel signed an Executive Order requiring all City of Chicago contractors and subcontractors pay their employees a minimum of \$13 per hour for work performed under a City contract. On September 30, 2014, the Mayor requested that all City of Chicago sister agencies follow suit. Prior to the passage of the Minimum Wage ordinance, which applies to a far greater number of Chicago employees, four sister agencies had moved to a \$13 minimum wage.

The full text of Mayor Emanuel's Executive Order is available [HERE](#).

Minimum Wage Working Group

On May 20th, 2014, Mayor Emanuel established the Minimum Wage Working Group. The Group was tasked with evaluating options for both short and long-term wage increases for Chicago's workers. The team of business, labor, advocacy, and elected leaders developed a plan that allows Chicago to move forward with a balanced proposal that gives a boost to workers, small business owners, and the City. The Mayor asked the group to study wage increase plans pursued by other cities to create a proposal that includes a real wage increase for all minimum wage employees in the short term; accounts for cost of living increases by tying future increases to inflation; and covers tipped employees.

On July 8th, 2014, the Working Group submitted its final report recommending that the City establish a minimum wage of \$15 by 2018. The full text of the report is available [HERE](#).

Public Engagement Process

Mayor Emanuel requested that the Working Group deliver a final report in July. To ensure that its recommendations reflected the broadest range of input, the Working Group held five public meetings attended by hundreds of residents from across the city and consulted an array of experts and stakeholders. In addition, the group received over 200 comments via its online

portal.

Working Group Members

The Minimum Wage Working Group was chaired by John Bouman, President, Sargent Shriver Center on Poverty Law, and Will Burns, Alderman of the 4th Ward. Members include:

- Deborah Bennett, Senior Program Officer, Polk Bros. Foundation
- Matt Brandon, SEIU Local 73
- Carrie Austin, Alderman, Alderman of the 34th Ward and Chairman of the City Council Committee on the Budget and Government Operations
- Walter Burnett, Alderman of the 27th Ward and Chairman of the City Council Committee on Pedestrian and Traffic Safety
- Sol Flores, Executive Director, La Casa Norte
- Theresa Mintle, CEO, Chicagoland Chamber of Commerce
- Emma Mitts, Alderman of the 37th Ward and Chairman of the City Council Committee on License and Consumer Protection
- Joe Moore, Alderman of the 49th Ward and Chairman of the City Council Committee on Special Events, Cultural Affairs and Recreation
- Ameya Pawar, Alderman of the 47th Ward
- Maria Pesqueira, Mujeres Latinas en Accion
- Ariel Reboyras, Alderman of the 30th Ward and Chairman of the City Council Committee on Human Relations
- JoAnn Thompson, Alderman of the 16th Ward
- Sam Toia, President, Illinois Restaurant Association
- Tanya Triche, Vice President and General Council, Illinois Retail Merchants Association
- Andrea Zopp, President and CEO, Chicago Urban League

Supporting Information Facts

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