City of Chicago Approves $13 Minimum Wage Phased in by 2019

By Jonathan M. Boulahanis / Dec 03, 2014

After much debate, and strong opinions on both sides, the Chicago City Council approved a minimum wage hike to be phased in over the next five years. The City Council voted 44-5, approving an increase to $13 per hour minimum wage by July 2019.

Some key provisions of the new ordinance include:

- Increases in the minimum wage to $10.00 an hour in July 2015. Minimum wage is currently set at $8.25 per hour.
- Future increases of the minimum wage to $10.50 in July 2016, $11.00 in July 2017, $12.00 in July 2018, and $13.00 in July 2019.
- After July 2019, annual increases will take place based on the Consumer Price Index and capped at a 2.5% increase per year.
- Employers utilizing the tip credit will also see a hike in minimum wage. Starting in July 2015, those employers will be permitted to utilize the tip credit allowed for in the Illinois Minimum Wage Law, but will need to add $0.50 per hour. In July 2016, tipped employees will be paid according to the tip credit allowed in the Illinois Minimum Wage Law, but will need to add $1.00 per hour. Starting in July 2017, and every July thereafter, tipped employees will be paid the amount from 2016 plus an increase tied to the Consumer Price Index and capped at 2.5% per year.
- If the federal government or Illinois passes a minimum wage increase above the City's minimum wage at any time, the federal or state minimum wage will supersede the City's.
- The City will require an additional poster regarding the City's Minimum Wage to be posted in a conspicuous place.
- The City has authorized the Department of Business Affairs and Consumer Protection to enforce City violations, and violations range from $500-$1,000 per employee, per day.
- The Ordinance also allows for private suits by the employee to recover damages up to three times the amount of any underpayment, plus attorneys' fees and costs.

Proponents of the Ordinance touted the increase as a way to lift thousands of families above the poverty line, and increase spending power in communities. They also lamented the fact that no action had been taken in Springfield or Washington, and action needed to be taken now. The Raise Chicago Coalition called the Ordinance a major victory and celebrated the profound impact the raise will have on minimum wage workers. The State of Illinois voters also passed a referendum this November calling for a $10 minimum wage by 2015 with a 66% vote.

Opponents have criticized the action as devastating to small businesses. Governor Elect Bruce Rauner warned that the minimum wage could make the City less competitive, and cause it to lose business to nearby communities and Indiana. The Illinois Restaurant Association, Chicagoland Chamber of Commerce, and Illinois Hotel and Lodging Association favored a lesser, statewide increase to allow for a level playing field. Business owners testified that the increase will be devastating to their businesses. They further testified that small and mid-sized businesses, already feeling the impact of the Affordable Care Act, will be forced to lay off more employees. Additionally, the increase will lead to higher demand for City of Chicago jobs, which may lead to even higher unemployment.

The new ordinance will have vast legal implications for Illinois businesses. To discuss the impact the ordinance has on your business, please contact your Clark Hill attorney.

The entire Ordinance can be found here.