

**CHICAGO MINIMUM WAGE ORDINANCE
FREQUENTLY ASKED QUESTIONS
Department of Business Affairs and Consumer Protection/BACP**

What is the Chicago minimum wage ordinance?

On December 2, 2014, the Chicago City Council approved Mayor Rahm Emanuel’s ordinance establishing a Chicago minimum wage of \$13 per hour by 2019, a 45 percent increase over the currently mandated minimum wage. Chicago’s minimum wage will increase incrementally each year, beginning on July 1, 2015.

What is the minimum wage increase schedule?

The City will phase in the minimum wage increase on an annual basis, every July 1st from 2015 through 2019, according to the schedule below. Beginning in 2020 and every year after, the minimum wage increase will be tied to the rate of inflation. The increase will not exceed 2.5 percent, and there will be no increase if the unemployment rate in Chicago in the previous year was equal to or greater than 8.5 percent.

Effective Date	Minimum Hourly Wage for Non-Tipped Employees	Minimum Hourly Wage for Tipped Employees*
Current (under state law)	\$8.25	\$4.95
July 1, 2015	\$10.00	\$5.45 (under current state law)
July 1, 2016	\$10.50	\$5.95 (under current state law)
July 1, 2017	\$11.00	<i>Amount to be determined and announced each year on or before June 1st.</i>
July 1, 2018	\$12.00	
July 1, 2019	\$13.00	

* Under both state law and the ordinance, if an employee’s wages plus tips do not equal at least the number of hours worked times the applicable minimum wage, his or her employer must make up the difference.

Who is covered under the ordinance?

An employer is subject to the ordinance if it maintains a business facility in Chicago and/or is subject to one or more of the City’s licensing requirements. Any employee qualifies for the City minimum wage if he or she (1) works for such an employer (2) while physically present in Chicago (3) for at least two hours within any two-week period. The ordinance covers all qualifying employees, including domestic employees, day laborers, and home health care workers. A union may waive its members’ rights to receive the minimum wage as part of a collective bargaining agreement.

Who is NOT covered by the ordinance?

- Persons under 18 years of age. Currently, state law allows employers to pay such employees an hourly wage 50 cents below the state minimum.
- Adults during the first 90 days of employment. Currently, state law allows employers to pay such employees an hourly wage 50 cents below the state minimum.
- Disabled employees for whom employers have set a state-approved lower wage rate.
- Trainees taking part in a program for at most six months, with state approval. Currently, state law allows employers to pay trainees an hourly wage no less than 70% of the state minimum.
- Employees working at a business with three or fewer employees, not counting the employer's parents, spouse, children, or other members of his or her immediate family. This exception does not apply to domestic workers or day laborers.

How does the ordinance affect overtime wages?

Wages under the ordinance are subject to the overtime compensation provisions under state law. As such, beginning on July 1, 2015:

- In any particular week, a non-tipped employee receiving the Chicago minimum wage is entitled to a regular ("straight-time") rate of \$10 per hour for his or her first 40 hours of work and to an overtime rate of \$15 (\$10 times 1.5) for each additional hour. To illustrate:
 - If an employer pays a non-tipped employee the minimum wage of \$10 per hour on a weekly basis and the employee works 50 hours in a particular week, the employee earns \$550 in wages:
 - 40 straight-time hours times \$10 equals \$400.
 - 10 overtime hours times \$15 equals \$150.
 - \$400 plus \$150 equals \$550.
- In any particular week, a tipped employee receiving the Chicago minimum wage is entitled to a straight-time rate of \$5.45 for his or her first 40 hours of work. For each hour in excess of 40 in a week, he or she is entitled to the overtime rate of \$15 minus, at most, the maximum tip allowance (currently, \$10 minus \$5.45, which equals \$4.55), for a total of at least \$10.45 per hour. As required under state law, if a minimum wage tipped employee's pay plus tips is less than the straight-time minimum wage (in Chicago, \$10) multiplied by the number of straight-time hours worked plus the overtime minimum wage (in Chicago, \$15) multiplied by the number of overtime hours worked, the employer is required to make up the shortfall. To illustrate:
 - If a minimum wage tipped employee works 50 hours in a particular week and makes \$200 in tips, his or her employer must contribute an additional \$27.50 to the employee's paycheck:
 - 40 straight-time hours times \$5.45 equals \$218.
 - 10 overtime hours times \$10.45 equals \$104.50.

- \$218 plus \$104.50 plus \$200 in tips equals \$522.50.
- 40 hours times the minimum straight-time wage of \$10 equals \$400 and 10 hours times the minimum overtime wage of \$15 equals \$150.
- \$400 plus \$150 equals \$550 – this is the minimum amount due the employee.
- \$550 (the amount due) minus \$522.50 (the amount actually received) equals \$27.50 (the amount of additional pay required from the employer).

What can I do if I believe my employer owes me wages?

If you believe you have been paid less than the required minimum wage, you may file a complaint against your employer with the City of Chicago by calling 311 or going to <http://www.cityofchicago.org/minimumwage> to complete a complaint affidavit. Employees are not required to provide, and the City will not request, information regarding the immigration status of any person filing a complaint. If BACP successfully prosecutes your complaint, you are entitled to full payment of back wages. In addition, employers are potentially liable to the City for fines ranging from \$500 to \$1,000 per violation, as well subject to business license suspension or revocation.

BACP will not act as any employee's private attorney. An employee has the right to file a civil action against his or her employer in circuit court if the employee was paid less than the minimum wage required by law. In such an action, an employee may recover three times the amount of the underpayment, plus costs and reasonable attorney's fees.

How long do I have to file a complaint with the City?

Complaints must be filed within one year after the wages were due. In situations involving a sequence of underpayments, the complaint must be filed within one year after the complaining employee received the final, or his or her most recent, underpayment in the sequence.

Where can I find more information on the Chicago minimum wage ordinance?

Please visit <http://www.cityofchicago.org/minimumwage> for more information.