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Chicago Workers To Earn \$15 Minimum Wage By 2021

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On Nov. 26, the Chicago City Council approved Mayor Lori Lightfoot's proposal to increase the city's minimum wage from \$13 per hour to \$15 per hour. This puts the Chicago minimum wage four years ahead of those mandated by the state of Illinois, which will not hit a minimum wage of \$15 per hour until 2025. Our previous coverage of the [Illinois minimum wage hike](#) cited a 2017 report by the National Employment Law Project finding that [41 percent of all workers in Illinois](#) currently earn less than \$15 per hour.

Chicago's minimum wage will increase in waves, first to \$14 per hour on July 1, 2020 and then to \$15 per hour on July 1, 2021. After that, it will rise annually with the consumer price index. For tipped workers, sub-minimum wages will increase to \$8.40 per hour in 2020, up from the current \$6.40 per hour, and to \$9 per hour by 2021. Tipped wages will also increase annually after 2021, to remain at 60 percent of the minimum wage.

Mayor Lightfoot stated that these wage increases would address wage stagnation, affecting hundreds of thousands of workers, as the cost of living in Chicago continues to increase. It would likewise eliminate exemptions for disabled workers and minors. Specifically, employers will no longer be able to pay disabled residents below the minimum wage, starting in 2024. Workers below the age of 18 will receive a gradual increase in wages, starting at \$10 an hour in 2020 and ultimately reaching \$15 an hour by 2024, until the minimum wage exemption for minors is eliminated in 2025.

There is some relief for small employers, as employers with fewer than 20

workers will have until 2023 to increase wages to \$15 per hour, and businesses with fewer than four employees are exempt from all increases, with a few exceptions.

Mayor Lightfoot cited support for her proposal from elected officials as well as labor and business leaders, but some employers are concerned that the higher wages will harm their businesses or force them to hire fewer workers. However, Mayor Lightfoot views her proposal as a compromise, as it keeps tipped workers below the minimum wage – a move the restaurant industry applauded. While employers are legally required to pay the difference if an employee's tips do not add up to the minimum wage, workers' advocates allege that this does not always happen in practice.

The minimum wage increases in Chicago and Illinois will have far-reaching consequences for employers and employees alike. Employers will need to adjust their budgets and financial projections to prepare for these anticipated wage increases. Employers should also consider reviewing their payroll practices, both to verify they will be paying the appropriate wage and overtime rates for employees affected by the minimum wage increases and to ensure their tipping practices comply with the new law.