

Minimum Wage Rates Increase Across Illinois and Around the Country

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Happy New Year from Laner Muchin! It is the beginning of a new year, which means a fresh start and increases in minimum wage rates across Illinois and many other states, effective on January 1, 2021.

On January 1, 2021, the Illinois minimum wage increased to \$11.00 per hour. This increase applies to Illinois employers with employees who work outside the City of Chicago and employees who work in municipalities in suburban Cook County that “opted-out” of the Cook County Minimum Wage Ordinance. Employees who work in Chicago and the Cook County suburbs that “opted-in” are required to pay the higher minimum wage. Currently, Chicago’s minimum wage is \$14.00 per hour (a lower rate applies to certain small businesses) and Cook County’s minimum wage is \$13.00 per hour. These minimum wage rates increase on July 1, 2021, so mark your calendars. Employers should inform employees in writing of the rate increase. There is no particular form that an employer must use to notify employees.

With the increase in the Illinois minimum wage, the minimum wage paid to tipped employees in Illinois also increases to \$6.60 per hour. The minimum wage paid to tipped employees who work in Chicago remains higher at \$8.40 per hour (again, a lower rate applies to certain small businesses). Under federal law, employers must notify tipped employees that the employer is taking the tip credit, including any changes to their rate of pay. The tip credit notice must inform the tipped employee: (1) of the new hourly rate; (2) the amount of the tip credit taken (i.e., the difference between the

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full minimum wage and the tipped minimum wage); (3) that all tips received by the employee must be retained by the employee (except for tip pooling/sharing arrangements); and (4) that the tip credit will not be taken for employees who do not receive the notice. The tip credit notice need not be in writing, but it is a best practice to provide a written notice and have employees acknowledge receipt.

Other states increased their minimum wage on January 1, 2021, such as California (\$14.00), Maryland (\$13.50), Massachusetts (\$13.50), Ohio (\$8.80 effective January 21, 2021), Missouri (\$10.30) and New Jersey (\$12.00) (this is not an exhaustive list). Unlike Illinois and Missouri, the minimum wage did not increase in other Midwestern states like Indiana, Iowa, Minnesota, and Michigan.