

New Minimum Wage Increases for Chicago and Some Employees Who Work in Cook County, Effective July 1, 2021

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Summer is in full swing and with the beautiful weather comes increases in pay for hourly employees. On July 1, 2021, the minimum wage increased for employers with employees who work in Chicago. The minimum wage in Chicago increased to \$15.00 per hour for employers with more than 20 employees and to \$14.00 per hour for employers with 4 to 20 employees. The minimum wage for employers in suburban Cook County remained the same at \$13.00 per hour. Many suburbs opted-out of the Cook County Minimum Wage Ordinance; therefore, employers should check whether their suburb opted-out.

With the increase in the Chicago minimum wage, the minimum wage paid to tipped employees also increased. In Chicago, the minimum wage paid to tipped employees increased to \$9.00 per hour for employers with more than 20 employees and \$8.40 per hour for employers with 4 to 20 employees. Although the minimum wage for non-tipped employees in Cook County remained the same, the minimum wage for tipped employees increased to \$6.60 per hour.

Employers will also have to inform employees of these increases in writing. Chicago employers must provide all employees a notice of the increases with the first paycheck after July 1.

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Employers with tipped employees have additional notice obligations. 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 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.

Please contact your servicing Laner Muchin attorney or any member of our Employment Counseling Team if you have questions about the guidance described above.