

Chicago and Cook County Employers Brace for Minimum Wage Increases and the Chicago Paid Leave and Paid Sick and Safe Leave Ordinance on July 1, 2024

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Chicago Paid Leave and Paid Sick and Safe Leave Ordinance

The *Fast Laner* previously reported the passage of the Chicago Paid Leave and Paid Sick and Safe Leave Ordinance (Ordinance). The effective date was originally December 31, 2023, but it was delayed to July 1, 2024.

Beginning on July 1, 2024, employees who work at least 80 hours within the City of Chicago in any 120-day period are eligible to earn both paid leave and paid sick leave. Employees can earn one hour of paid leave for every 35 hours worked up to a maximum of 40 hours in a 12-month period. At the same time, employees earn one hour of paid sick leave for every 35 hours worked up to a maximum of 40 hours in a 12-month period.

Employees can begin using paid sick leave within 30 days of the start of employment and paid leave within 90 days of the start of employment. Employees can also carry over up to 16 hours of paid leave and 80 hours of paid sick leave from one year to the next. Depending on an employer's size, employers may have to pay out earned but unused paid leave at termination.

Employers should ensure their policies and procedures are updated to comply with the requirements of the new Ordinance, including how they will address employees who have earned vacation or PTO under existing

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policies. Policies will also have to be translated into a language spoken by at least five percent of employees. Additional annual and new hire notification requirements apply as well.

Employers with remote employees and employees who perform work inside and outside of Chicago may have particular challenges complying with the Ordinance and the requirements of the Illinois Paid Leave for All Workers Act. View more information about the Ordinance including a copy of the required notifications.

Minimum Wage Increases

Cook County and Chicago's annual minimum wage increases go into effect on July 1, 2024. The Chicago minimum wage will increase to \$16.20 per hour for employers with four or more employees. The minimum wage for employees in suburban Cook County will also increase on July 1st to \$14.05 per hour. The increases in suburban Cook County do not apply to suburbs that opted-out of the Cook County Minimum Wage Ordinance. If a suburb opted out, the Illinois minimum wage applies.

The minimum wage paid to tipped employees in Chicago will also increase to \$11.02 per hour for employers with four or more employees. The minimum wage for tipped employees in suburban Cook County is unchanged at \$8.40 per hour.

Employers must inform employees of these increases in writing. In addition, Chicago employers must provide all employees a notice of the minimum wage increases by July 31, 2024.

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. Employers should provide new tip credit notices every time a tipped employee's wage rate changes. Therefore, even if an employer provided a tip credit notice in the past, employers must provide an updated tip credit notice with the new minimum wage rates.

View a copy of all the legal notices/postings for the Chicago minimum wage, paid leave and wage theft notices.

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View a copy of the Cook County minimum wage notice/poster.

Please contact your Laner Muchin servicing attorney if you have any questions about compliance with any of these significant changes.