

EMPLOYMENT LAW SUMMARY

Illinois: Minimum Wage Laws



Because You're Different

Federal minimum wage law is governed by the Fair Labor Standards Act (FLSA). The current federal minimum wage rate is \$7.25 per hour for nonexempt employees. The Illinois Minimum Wage Law (IMWL) complements federal law and, in some cases, prescribes more stringent or additional requirements that employers must follow.

The [Illinois Department of Labor](#) (IDOL) enforces the IMWL and investigates violation claims.

MINIMUM WAGE RATE

The table below provides an overview of scheduled minimum wage rate increases for the state of Illinois. The state wage rate is set to increase gradually until it reaches \$15 per hour on Jan. 1, 2025.

To determine an employee's wage rate, employers must consider that employee's entire compensation, including wages, gratuities and any credit the IDOL allows for meals, lodging and other facilities. Allowances for supply, maintenance or laundering of required uniforms are not permitted as part of the calculation of an employee's minimum wage rate.

State Rates	Jan. 1, 2021	Jan. 1, 2022	Jan. 1, 2023	Jan. 1, 2024	Jan. 1, 2025
State Rate	\$11	\$12	\$13	\$14	\$15
Tipped Employees	\$6.60*	\$7.20*	\$7.80*	\$8.40**	\$9
Youth wage	\$8.50	\$9.25	\$10.50	\$12	\$13
Local Rates	July 1, 2021	July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
Chicago	\$15	\$15.40	\$15.80	\$16.20	TBA
4+ employees	\$9*	\$9.24*	\$9.48*	\$11.02	
Chicago Youth Wage	\$11	\$12	\$13.50	\$15.00	TBA
	\$6.60*		\$8.10*	\$10.20	
City contracts or concessionaire agreements	\$14.75	\$16.00	\$16.80	\$17.40	TBA
			\$8.80*	\$9.40*	
Cook County	\$13	\$13.35	\$13.70	\$14.05	TBA
	\$6.60*	\$7.40*	\$8*	\$8.40*	

*Tipped employee rate.

YOUTH WAGE

The youth wage applies to employees under 18 years of age working fewer than 650 hours per calendar year. Minors who work more than 650 hours during any calendar year must be paid the state regular wage rate.

TIPPED EMPLOYEES AND GRATUITIES

The tipped rate applies to employees who customarily receive at least \$20 in gratuities per month.

The gratuities patrons or clients give to employees are considered the property of the employees. Employers are prohibited from keeping these gratuities and need to deliver them to their employees no later than 13 days after the end of the pay period in which the gratuities are earned.

However, when gratuities are paid by credit card, employers are allowed to withhold an amount proportionate to the processing fee the employer must pay in connection with the credit card transaction. This withholding cannot exceed the tip-to-bill ratio. This means that the employer's transaction fee withholding for a 10% tip cannot be more than 10% of the fee the employer will pay for processing that credit card transaction.

Finally, these regulations do not restrict an employer's ability to establish a tip pooling program within the state.

NEW EMPLOYEE WAGE

The IMWL allows employers to lower a new employee's minimum wage rate by up to 50 cents per hour during the employees' first 90 days of employment. After this initial employment period, employees must receive wages at or above the minimum wage rate, unless an exception applies.

The new employee wage rate does not apply to individuals who are 18 years of age or older if they:

- Are day laborers or temporary workers; or
- Have occasional or irregular employment that requires more than 90 days to complete.

LEARNERS

Employers may pay learners over the age of 18 a wage rate as low as \$5.77 per hour (or 70% of the applicable minimum wage rate) if they have a learner subminimum wage license. Employers can pay these wages to a learner employee for up to six months or as long as the employee is still considered a learner (whichever comes first).

Learners are individuals who are participating in a training program for an occupation for which they were hired. These programs usually include formal instruction or on-the-job training during a predetermined period of limited responsibility and regular supervision or guidance. Student learners are individuals who receive course credit for participation in a school-approved work-study program.

An individual is not a learner after he or she completes the training required for his or her position. After learners complete their training, they must receive wages at or above the state minimum wage rate. The IDOL may extend a training period over the six-month period for employers that can prove that sufficient proficiency in a particular occupation cannot be acquired within six months.

Subminimum wage learner licenses are available to employees that can prove to the IDOL that a learning program:

- Exists to allow employees to acquire the skill necessary for their occupation of choice;
- Does not displace other workers; and
- Does not tend to impair or depress the wage rates or working standards established for experienced workers that perform similar work to the learners.

INDIVIDUALS IMPAIRED BY AGE OR WITH A PHYSICAL OR MENTAL DISABILITY

The IMWL requires employers to obtain a license to pay subminimum wages to disabled individuals. Subminimum wage licenses for disabled individuals are valid for one year and must be signed by the employer and the disabled employee. Employers can pay disabled employees a subminimum wage only through the period specified in the license.

Subminimum wage licenses for disabled individuals are not available for employees who, in spite of their disability, maintain a production level within the limits required of other employees. The IDOL will allow employers to recommend a subminimum wage rate for disabled employees commensurate to the employees' productivity. The IDOL will consider the average wage paid to non-disabled employees who have similar responsibilities and work under similar conditions to determine whether the proposed subminimum wage is reasonable.

Employers can apply for license renewal every year. The renewal follows the same process and uses the same criteria as the application process.

MINIMUM WAGE EXEMPTIONS

In general, minimum wage laws in Illinois do not apply to:

- Employers with fewer than four employees (employees cannot be immediately related to the employer);
- Agricultural and aquacultural employees who:
 - Work for employers that did not use more than 500 man-days of labor during the preceding calendar year;
 - Are immediately related to their employer;
 - Are hand harvest laborers and are paid on a piece rate basis (if the method of payment is customary for the industry);
 - Commute daily from their permanent residence to the farm where they are employed; or
 - Have been employed in agriculture or aquaculture for fewer than 13 weeks during the preceding calendar year;
- Domestic service employees who work in or about a private home;
- Outside sales personnel;
- Members of a religious corporation or organization;
- Students employed by the accredited state college or university where they study; and
- Motor carriers subject to state or federal regulations on qualifications and maximum hours of service.

PROHIBITED PRACTICES

The IMWL prohibits employer discrimination, retaliation and interference with IDOL wage investigations.

DISCRIMINATION

The IMWL prohibits employers from discriminating against employees on the basis of sex, mental capacity or physical disability. Employees who perform the same or substantially similar work on jobs that require levels of skill, effort and responsibility under similar working conditions should receive comparable wages. Employers can differentiate employee wages using a system based on seniority, merit, production or any other lawful factor.

RETALIATION

In addition, employers may not retaliate against employees for making any complaint or testifying in any proceeding or investigation under the IMWL.

INTERFERING WITH A WAGE INVESTIGATION

Employers are subject to IDOL investigations if employees file wage complaints within one year of separation from employment or when the alleged violation took place. The IDOL may investigate payments up to three years prior to the date when they complaint was filed.

Employers are prohibited from hindering or delaying an investigation by:

- Refusing to admit IDOL officers into a place of employment;
- Failing to create and maintain adequate records;
- Falsifying records; or
- Refusing to make records or other information required for the investigation available to IDOL personnel.

PENALTIES

CRIMINAL PENALTIES

Employers commit a class B misdemeanor, punishable by imprisonment between 30 days and six months, a fine of up to \$1,500 or both, if they:

- Discriminate against their employees on the basis of sex, mental capacity or physical disability;
- Retaliate against an employee that files a claim or assists the IDOL in a wage investigation;
- Hinder an IDOL investigation;
- Fail to post a summary of the IMWL (each day of noncompliance is a separate offense); or
- Pay an employee wages below the minimum wage rate (each week of noncompliance is a separate offense).

CIVIL PENALTIES

Unless an exception to the minimum wage rate applies, any agreement between an employer and its employees to work for less than the minimum wage rate is void and cannot be considered as a defense in a civil action.

In addition to the penalty described above, employers that pay wages below the minimum wage rate are subject to a civil lawsuit within three years of when the violation takes place. Employers may be ordered by a civil court to pay:

- Any unpaid wages;
- Court costs;
- Reasonable attorneys' fees; and
- Damages equal to 2% of unpaid wages for each month in which wages remained unpaid.

Employees may assign a wage claim to the IDOL. The IDOL may also initiate civil lawsuits against employers to collect unpaid wages.

An additional fine equal to 20% of all unpaid wages may also be imposed on employers that willfully, repeatedly or recklessly disregard the IMWL.

MORE INFORMATION

The IDOL has published [model posters](#) to help employers satisfy their posting requirements, and [answers](#) to frequently asked questions. The IDOL also maintains a [web page](#) on the minimum wage law. Contact Heffernan Insurance Brokers for more information on wage payment laws in Illinois.