



BIDEN PROPOSES \$15 MINIMUM WAGE

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Last week, President Biden and Congressional Democrats unveiled their proposal for a \$15 an hour minimum wage bill. The current federal minimum wage has been \$7.25 an hour since 2009. In many instances, federal minimum wage has been overtaken by higher state minimum wages – including in Ohio (\$8.80 per hour), Florida (\$8.65 per hour–rising to \$10 on September 30th) and Illinois (\$11 per hour–and \$14 per hour in Chicago and \$13 per hour for the rest of Cook County). Federal minimum wage applies to employees with at least \$500,000 in gross annual revenue. For employers subject to federal minimum wage, they must pay minimum wage based on the highest applicable rate–whether federal, state or local.

Under the proposal, the rise to \$15 per hour would occur over 4-5 years¹. Upon passage, federal minimum wage will immediately increase to \$9.50 per hour on the next 4-5 anniversary dates, minimum wage will increase–ultimately reaching \$15 on the 4th or 5th anniversary date of passage. After reaching \$15 per hour, minimum wage will be adjusted annually, based on the change to median hourly earnings. The proposal would also eliminate currently legal subminimum wages for (1) tipped employees and (2) youth and disabled workers. In addition to its effect on employers, many full-time workers going to \$15 per hour will rise above the poverty line and no longer be eligible for government assistance.

Significantly, the \$15 per hour minimum wage proposal is not expected to be a stand-alone bill. It is almost certain to be part of the anticipated \$1.9 trillion COVID-relief package.

[1] President Biden's and initial Democratic proposals have been for implementing \$15/hr. over 4 years, but Senate Democrats' version is to implement it over 5 years.

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