

FOCUS ON ILLINOIS

Illinois Equal Pay Act Expanded to Include All Employers

The Illinois Equal Pay Act, which prohibits wage discrimination on the basis of gender, was amended, effective January 1, 2016, to cover all Illinois employers of any size. Before the amendment, the Act applied only to employers with four or more employees.

The amendment also increased the civil penalties for each offense as follows:

- For employers with four or more employees: For a first offense, a fine not to exceed \$2,500; for a second offense, a fine not to exceed \$3,000; and for a third or subsequent offense, a fine not to exceed \$5,000.
- For employers with fewer than four employees: For a first offense, a fine not to exceed \$500; for a second offense, a fine not to exceed \$2,500; and for a third or subsequent offense, a fine not to exceed \$5,000.

The Equal Pay Act provides that no employer may discriminate between employees on the basis of sex by paying an employee at a rate less than the rate the employer pays another employee of the opposite sex for the same or substantially similar work in jobs which require equal skill, effort and responsibility, and which are performed under similar working conditions. There are exceptions, including any factor that would not constitute unlawful discrimination under the Illinois Human Rights Act. Unequal pay on the basis of gender is also prohibited by the federal Equal Pay Act, as long as certain factors are present.

To ensure compliance with the law, Illinois employers should consider auditing their payroll practices. Such audits require gathering information necessary to group “similar” jobs, determine whether legitimate factors (*e.g.*, seniority, experience, education) are responsible for any pay disparity, and analyze whether any disparity is based on gender. Small Illinois employers should also be aware that they are now covered by the Act and may face wage discrimination litigation under state law.

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