

ILLINOIS

Chicago Issues Final Rules for Paid Leave and Paid Sick and Safe Leave

Provided to you by **Employco USA, Inc.**

The Chicago Department of Business Affairs and Consumer Protection (BCAP) has published [final rules](#) for the city's new [Paid Leave and Paid Sick and Safe Leave Ordinance](#), which replaces Chicago's current paid sick leave ordinance on **July 1, 2024**. This Legal Update provides information about key topics addressed in the final rules.

Paid Leave and Paid Sick and Safe Leave Ordinance

As background, the ordinance was passed Nov. 9, 2023, and takes effect July 1, 2024. It significantly expands the city's paid sick leave requirement, mandating up to 40 hours of paid leave **and** 40 hours of paid sick and safe leave annually. The ordinance applies to most employers and all employees who have performed at least 80 hours of work while physically present within the geographic boundaries of Chicago in any 120-day period. The law includes carryover and front-loading provisions and requires payout for accrued paid leave, but not paid sick leave, and only for employers with more than 50 employees.

Benefit Year

The final rules define "benefit year" as any period of 12 consecutive months the employer chooses for an employee to receive paid time off and paid sick leave, such as the anniversary date of employment, calendar year, contract year, fiscal year or tax year.

In addition, the final rules permit employers to set different calendar year dates for different employees. Employers should bear in mind, however, that the ordinance requires that leave start to **accrue** on the employee's first calendar day of employment (or July 1, 2024, if later). Under the ordinance, employees must be allowed to **use** paid leave by the 90th day of employment and use paid sick leave by the 30th calendar day of employment.

Accrual

The final rules clarify that only hours worked in Chicago count toward accrual of either type of leave. For employers with remote employees, it's important to note that the final rules provide that these workers are covered by the ordinance, even if the employer is not located in Chicago.

This Legal Update is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice. © 2024 Zywave, Inc. All rights reserved.

Highlights

- Chicago has issued Paid Leave and Paid Sick and Safe Leave final rules.
- The final rules implement the city's new leave ordinance, which takes effect July 1.
- The final rules provide additional definitions and details on items such as notice and recordkeeping and leave accrual and carryover.

Employers may deny paid leave that would have a significant impact on business operations.

Carryover

Under the ordinance, employers must allow carryover into the following year of at least 16 hours of accrued unused paid leave and 80 hours of accrued unused paid sick leave. The final rules specify that leave hours carried over are **in addition** to the leave accrued during that subsequent year, allowing for a generous accumulation of leave time.

Notice and Posting

According to the final rules, the notice and posting required by the ordinance may be made through the employer's usual methods of communication for notices, which can be electronic. The final rules further allow the notice required with an employee's first paycheck to be provided before the start of employment or as part of onboarding. The notice may be provided electronically if employees are enrolled in direct deposit. Additionally, if 5% or more of an employer's workers are not literate in English, the final rules require the employer to request notices from BCAP in the literary languages they understand.

The final rules state that the written employer leave policy required by the ordinance may be part of an employer manual, employer handbook or a separate document.

Denial of Leave Requests

In a helpful provision for employers, the final rules expand on the ordinance by allowing employers to deny requests for paid leave (but not paid sick leave) out of consideration for operational needs. The final rules list examples of factors that are relevant to that decision, including whether leave would have a significant impact on the business operations during a particular period and whether the employer provides a need or service critical to the health, safety or welfare of the people of Chicago.

Recordkeeping

The final rules also expand on the recordkeeping mandates of the ordinance, requiring employers to maintain records of 14 specific items for each employee for five years. These items include information such as hire dates, dates of eligibility for leave, hours of accrued and awarded leave, and dates and amounts of leave used.

Steps for Employers

Employers should prepare for complying with the new ordinance on July 1 by familiarizing themselves with the new requirements, including new written policies and notifications. Managers and supervisors should also be trained on the new employee entitlements.