

# PAID LEAVE FOR ALL WORKERS ACT

## Effective January 1, 2024



The Paid Leave for All Workers Act, Public Act (P.A.) 102-1143, will require employers, including municipalities, to provide 40 hours of paid leave to employees on an annual basis.

### ESTABLISHING A MINIMUM PAID LEAVE STANDARD

Beginning January 1, 2024, employers must provide employees one hour of paid leave per 40 hours worked and allow them to carry over up to 40 hours of paid leave annually. Employers may set a minimum increment of no more than two hours per day for the use of paid leave. Paid leave accrued may be taken for any reason without documentation, but employers may set leave policies that require employees to provide notice of seven days for foreseeable leave and as soon as possible for unforeseeable leave.

### MUNICIPAL PAID LEAVE ORDINANCES

The Act does not require municipalities to pass paid leave ordinances. The Act does not apply to employers, including municipalities, covered by a current ordinance that requires them to provide any form of paid leave to their employees.

#### NON-HOME RULE MUNICIPALITIES

Non-home rule municipalities currently have authority to adopt leave ordinances for their own municipal employees, but such ordinances do not apply to other employers within the community. Those other employers will be required to provide 40 hours of paid leave annually, as outlined in the Act. If a non-home rule municipality adopts a leave ordinance for their own employees after the Act's effective date, the ordinance must comply with the minimum paid leave standard outlined in the Act.

#### HOME RULE MUNICIPALITIES

Home rule municipalities currently have authority to adopt paid leave ordinances that apply to all employers within their community and may continue to adopt alternative ordinances after this Act's effective date. However, employers will be required to comply with both local and state standards if those ordinances do not meet the state's minimum required benefits. Nothing in this Act preempts a home rule municipality from adopting ordinances providing broader or more expansive paid leave requirements for employers within that specific community.



## **EMPLOYER RESPONSIBILITIES UNDER PAID LEAVE FOR ALL WORKERS ACT**

Employers will be required to maintain records documenting hours worked, paid leave accrued and taken and the paid leave balance for each employee for at least three years. Employers will also have notification responsibilities including posting a physical notice summarizing the Act, information on filing a complaint and supplying employees with notice of their amount of accrued time. Additionally, employers will be barred from retaliating against employees for using paid leave.

Employers will be subject to penalties for violations of the Act including fines of up to \$1,000 per violation of the Act's posting and notice requirements, up to \$2,500 for all other violations and possible civil penalties and damages to the employee.

## **EXCEPTIONS TO PAID LEAVE POLICY**

The Act does not preempt or alter leave benefits subject to current collective bargaining agreements. The Act does not apply to federal employees, or school district and park district employees. Other excluded workers include: independent contractors, railroad employees subject to railroad unemployment insurance or the Railway Labor Act, part-time student employees who are employed by a college or university and short-term employees at institutions of higher education.

## **ADDITIONAL RESOURCES**

The Illinois Department of Labor (IDOL) will monitor employer compliance and enforce the Act ([more information available via this link](#)). IDOL has compiled a list of Frequently Asked Questions about the Act ([available via this link](#)) and those particularly applicable to municipal employers are listed below. Specific questions or comments related to the Act can be submitted by email to IDOL at [DOL.PaidLeave@illinois.gov](mailto:DOL.PaidLeave@illinois.gov).

## **FREQUENTLY ASKED QUESTIONS COMPILED BY IDOL**

### **DOES THE ACT APPLY TO PART-TIME EMPLOYEES OR JUST FULL-TIME EMPLOYEES?**

The Act doesn't distinguish between part-time, full-time or seasonal employees. Both full-time and part-time employees are covered by this Act. However, employees who work fewer hours may accrue less leave time compared to full-time employees.

### **MY COMPANY (OR MUNICIPALITY) ALREADY OFFERS EMPLOYEES 40+ HOURS OF PAID LEAVE. DOES MY POLICY NEED TO COMPLY WITH THE OTHER REQUIREMENTS OF THE ACT?**

If your company has an existing policy that meets or provides the minimum amount of leave required by the Act (40 hours) in a 12-month period and your employees can in fact take that amount of leave for any reason of their choosing, you do not need to modify the terms of your policy.

IDOL expects to further clarify how existing policies meet expectations of the law in rulemaking.

### **MUST PAID LEAVE PROVIDED UNDER THE ACT BE PAID OUT UPON AN EMPLOYEE'S TERMINATION, RESIGNATION OR RETIREMENT?**

The Paid Leave for All Workers Act (PLAWA) does not require payout of unused leave unless the leave is credited to the employee's paid time off bank or employee vacation account; however, employers should additionally consider their vacation payout obligations under the Illinois Wage Payment and Collection Act.



**COOK COUNTY HAS A PAID LEAVE ORDINANCE, BUT MUNICIPALITIES ARE ALLOWED TO OPT OUT OF THAT COUNTY ORDINANCE. ARE EMPLOYERS LOCATED IN MUNICIPALITIES WHICH OPTED OUT REQUIRED TO COMPLY WITH THE ACT?**

Yes, if on the effective date of the Act (1/1/24) a municipality does not have an ordinance in place that requires payment of paid sick or paid leave, then employers in that municipality shall be covered by this Act.

**MAY MUNICIPALITIES OPT OUT OF PLAWA USING THEIR HOME RULE POWERS?**

No. Under the Act, the only circumstance in which a municipality may avoid PLAWA coverage is if they have a local ordinance in effect that provides paid sick or paid leave or, after the effective date, if their local ordinance provides benefits, rights and remedies that are greater than or equal to those provided under the Act.

**THIS COULD NEGATIVELY IMPACT LOCAL GOVERNMENTS WITH POLICE AND FIRE PERSONNEL, WHAT ARE THEY SUPPOSED TO DO?**

The Act does not prohibit an employer from adopting an evenly applied paid leave policy to allow it to address operational issues and meet safety objectives. Employers of unionized employees can also address these concerns through collective bargaining.

**CAN I DENY AN EMPLOYEE USE OF PAID LEAVE UNDER THIS LAW? PUT DIFFERENTLY, IS AN EMPLOYEE ALLOWED TO TAKE LEAVE UNDER THIS ACT IN ANY CIRCUMSTANCE?**

Nothing in the Act prohibits an employer from adopting a policy that establishes some parameters for taking leave and limited reasons the employer may deny leave for operational necessity. Any such policy must be communicated to employees, applied equally to all employees and conform with other applicable state and federal laws.

IDOL will seek to provide further clarity regarding this issue in rulemaking.

**AT WHAT INCREMENT CAN EMPLOYEES TAKE THIS LEAVE UNDER THE LAW?**

An employee may take PLAWA leave at a minimum of two-hour increments, although an employer could choose to allow an employee to take leave in smaller increments. An employer whose existing policy meets the minimum requirement of 40 hours of paid time off for any reason of the Act would not have to modify that existing policy in regards to leave increments.

**CAN AN EMPLOYER FRONT LOAD PAID LEAVE TIME AT THE BEGINNING OF THE YEAR?**

Yes, an employer may front load paid leave time by giving a full year's worth of leave that meets the minimum requirements of the Act to an employee at the beginning of the year.

An employer may make available the minimum number of hours of paid leave, subject to pro rata requirements, a proportional share of accrued hours, under the law, at the beginning of the year for its employees.

**IF OUR BUSINESS WANTS TO FRONT LOAD PLAWA BENEFITS FOR PART-TIME STAFF, DOES THE BUSINESS HAVE TO FRONT LOAD 40 HOURS OR CAN I FRONT LOAD AN AMOUNT PROPORTIONATE TO THEIR WORK SCHEDULE?**

Employers may front load PLAWA benefits for part-time employees at a pro rata amount consistent with the employee's work schedule. However, if the employee in fact works more



hours than the employer anticipates, the employee is entitled to accrue more hours at a rate of 1 hour of paid leave for every 40 hours worked, up to 40 hours for the 12-month period. If a part-time employee works fewer hours than anticipated by their employer, the employer may not diminish or recoup used or unused front-loaded paid leave benefits.

### CAN AN EMPLOYER REQUIRE EMPLOYEES TO ACCRUE PAID LEAVE TIME OVER THE COURSE OF THE YEAR?

Yes, instead of front loading leave benefits, an employer may allow employees to accrue or earn paid leave time at a rate of one hour of paid leave for every 40 hours worked. Notably, a part-time employee might not accrue the full 40 hours of leave provided for in the law by the end of the year, based on the number hours the employee works.

*Example: Employee A works 15 hours per week, 52 weeks per year. They will accrue 19.5 hours of paid leave annually. (15 times 52 = 780 hours worked per year. 780 divided by 40 = 19.5 hours of paid leave.)*

### WHEN DOES ACCRUAL BEGIN UNDER THE ACT? WHEN CAN EMPLOYEES START TAKING PAID TIME OFF?

The Act takes effect January 1, 2024. Accrual begins upon the start of employment or January 1, 2024, whichever is later. Employees are entitled to begin using the accrued paid leave after 90 days. If an employee begins accruing paid leave on January 1, 2024, the first day they could take that paid time off would be March 31, 2024.

*Example: The Paid Leave for All Workers Act takes effect January 1, 2024. Six months later, Employee B starts a new job on July 1, 2024, and works 40 hours per week. They start accruing paid leave on their first day (July 1) but must wait 90 days (until September 29, 2024) before taking any of their accrued paid leave.*

*Example: Employee C has worked for their employer since 2019 but did not previously get paid time off. Employee C will begin accruing paid time off beginning January 1, 2024 (the effective date of the Act.)*

### HOW DOES ACCRUAL APPLY TO EMPLOYEES WHO WORK MORE THAN 40 HOURS IN A WEEK BUT ARE EXEMPT FROM THE OVERTIME REQUIREMENTS OF THE FEDERAL FAIR LABOR STANDARDS ACT?

Employees who are exempt from the overtime requirements of the federal Fair Labor Standards Act (29 U.S.C. 213(a)(1)) shall be deemed to work 40 hours in each workweek for purposes of paid leave time accrual if they regularly work 40 or more hours in a workweek. If such employee's regular workweek is less than 40 hours, their paid leave time accrues based on the number of hours in their regular workweek.

### IF AN EMPLOYER ALLOWS EMPLOYEES TO BORROW AGAINST FUTURE ACCRUAL, THEREBY MAKING THE EMPLOYEE'S PAID LEAVE BALANCE GO NEGATIVE, CAN THE EMPLOYER MAKE THE EMPLOYEE REPAY THE PAID LEAVE IF THE EMPLOYEE TERMINATES BEFORE THEY HAVE EARNED THAT LEAVE?

An employer may only make an employee repay borrowed accrued leave if that policy is disclosed in the employer's written paid leave policy and the employee agrees to that policy in writing prior to taking any leave. All payroll deductions must comply with the requirements of the Illinois Wage Payment and Collection Act.

## IF AN EMPLOYER FRONTLOADS AN EMPLOYEE'S PAID LEAVE AT THE BEGINNING OF THE 12-MONTH PERIOD, AND THE EMPLOYEE USES ALL OF THEIR LEAVE AND THEN QUILTS BEFORE THE END OF THE 12-MONTH PERIOD, CAN THE EMPLOYER MAKE THE EMPLOYEE REPAY THE PAID LEAVE?

No, the law does not allow an employer to make an employee repay paid leave time that was frontloaded at the beginning of the 12-month period. Benefits that have already been provided may not be retroactively diminished.

## HOW CAN AN EMPLOYER TRACK THE TIME REQUIRED UNDER THIS ACT VERSUS OTHER BENEFIT TIME GIVEN TO THE EMPLOYEE?

The Act requires employer tracking of paid time off for any reason. If the employer chooses to offer paid sick time or other forms of paid time off in addition to paid leave, they should track that too as a best practice, but it is not covered by this Act.

## IS THERE A DIFFERENCE BETWEEN "VACATION" AND "PTO" (PAID TIME OFF)?

Generally speaking, PTO is leave that can be taken for any reason or no reason at all and may not have to be paid out to an employee upon separation. Leave specified as "vacation" leave is subject to pay out pursuant to Section 4 of the Wage Payment and Collection Act.

## HOW WILL PLAWA INTERACT WITH FMLA?

The Family and Medical Leave Act (FMLA) is unpaid job protected leave that can only be used by covered employees in covered circumstances. Employees going on FMLA may use PLAWA time concurrently during their FMLA leave. [All FMLA questions should be directed to the [United States Department of Labor](#)]

## HOW DOES CARRY OVER, ALSO KNOWN AS "ROLL OVER," WORK UNDER THIS LAW?

Employees are allowed to carry over or roll over unused, accrued leave from one year to the next under this law. However, there is no obligation for the employer to offer more than 40 hours of paid leave off in a year. An employer may offer more than the 40 hours off if they choose.

## HOW DOES THIS LAW INTERACT WITH OTHER UNPAID LEAVE PROTECTIONS?

An employee covered under the Act is entitled to use paid leave under the Act before using unpaid leave under any employer policy or other state law.

## WHEN WILL IDOL HAVE RULES IN PLACE FOR THIS ACT?

The Department anticipates filing a draft of the rules before the effective date of this Act. Under the rulemaking process there will then be a public comment period on those rules and a time period for the Department to make any changes. Finalized rules should be in place before March 31, 2024.

## WHEN WILL THE NOTICE THAT IS REQUIRED IN THE ACT BE AVAILABLE FROM THE DEPARTMENT?

The required notice will be on our website by the end of 2023.

