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As Leaves Fall, Leave Requests Rise: Are You Compliant With Chicago's Expanded Rules?

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The City of Chicago's revised final rules interpreting the Chicago Paid Leave and Paid Sick and Safe Leave Ordinance (the "Ordinance") recently took effect.

As Chicagoans head back to school next month (which undoubtedly means sick days, weather-related closures, and other unexpected schedule changes), now is the time for employers to proactively revisit paid leave policies—if they have not done so already—and seek out guidance from experienced labor and employment legal professionals.

What Happened?

On June 1, 2026, the final rules for administering the Chicago Paid Leave and Paid Sick and Safe Leave Ordinance—which were published in May by the Chicago Commissioner of Business Affairs and Consumer Protection—took effect.

Who is Affected?

The revised final rules affect all employers with employees working within the City of Chicago. This includes Chicago-based employers ***and*** employers based outside Chicago's geographical limits that have remote or telecommuting employees who work in Chicago.

What Changed?

The final rules provide expanded guidance on the following hot-button topics:

Joint Employment

Joint employment occurs “when the essential terms and conditions of an employee’s work are controlled by two or more entities.” The rules provide useful guidance on interpreting the Ordinance where a joint employer relationship exists.

- Joint employers may be distinct entities with separate owners, managers, and facilities, but under the Ordinance, those entities can be treated as a joint employer for a covered employee.
- Joint employers are responsible for, separately and jointly, complying with the Ordinance.
- Joint employer relationships can be formed with a temporary staffing agency, a lead agency, a professional employer organization, or the like.
- Joint employers must transfer accrued paid leave when applicable. If your company is sold or taken over by a new employer, any paid leave or paid sick leave a covered employee has already earned must carry over. If that transfer does not occur, it is considered a violation of the Ordinance, and both the previous and new employers can be held responsible. If they are found to be joint employers, they share that liability together.

Employer-created Leave Policies and Procedures

Employer-created leave policies and procedures that do not conflict with any federal or state law, rule, or regulation are recognized under the revised final rules.

- An employer may establish a policy that allows covered employees access to accrue up to **80 hours of paid time off** as long as it meets or exceeds all requirements of Section 6-130-030, including frontloading leave at the beginning of employment.
- An employer may set different dates for each covered employee or synchronize all of its covered employees to have benefits granted at the same time.

Interplay Between the Ordinance and Federal Labor Laws

- Under the Ordinance, non-exempt employees, as defined by the Federal Labor Standards Act, accrue paid leave time on **all** hours worked—including overtime.
- The accrual rate for a covered employee who is exempt from overtime requirements of the Fair Labor Standards Act (FLSA) shall be capped at **40 hours per work week** for purposes of paid leave and paid sick leave accrual.

Expanded Uses for Leave Related to Unscheduled Childcare Disruptions

- The rules allow employers the right to permit their employees to use paid leave for “additional purposes” other than those articulated by the Ordinance.
- Under the Ordinance, a covered employee is now permitted to use leave for the unscheduled closure of a child’s “place of care.”
  - **“Places of care”** are broadly defined under the rules and include summer camps, afterschool programs, daycares, and also “providers outside of institutional settings and locations” (e.g., paid babysitters, family, and friends who supervise children when covered employees are working).
  - The rules provide examples of an at-home babysitter canceling on a day when school is not in session, but a covered employee is scheduled to work. Also, another covered example would be the unplanned cancellation of an after-school program for the child of a covered employee who is scheduled to work.

Employers Have More Options to Discipline Employees Who Abuse Leave Policies

- Employers have the right to take action, including disciplinary measures up to termination, when a covered employee abuses paid sick leave or uses it for purposes outside those permitted under the Ordinance.

What Does Sick Leave Abuse Look Like?

Convenient Timing Around Days Off

- Repeatedly calling in sick on days right before or after weekends, holidays, vacations, or regularly scheduled days off can suggest that an employee is using sick leave to extend personal time rather than to address a legitimate health need.

Sick Leave as a Substitute for Denied Time Off

- If an employee requests vacation or personal leave and is turned down, only to then call in “sick” on those very same days, this may indicate the employee is using sick leave as a workaround.

Avoiding Undesirable Shifts or Duties

- A pattern of taking sick leave specifically on days when an employee is scheduled for less desirable assignments—whether it is an unpopular shift, a particular task, or a specific role—can also raise red flags.

What Should Employers Do Now?

As required by the Ordinance, employers should adopt a reasonable written policy on paid leave and paid sick leave. These policies may be a part of an employer manual, employer handbook, or a separate document.

For additional guidance, consult with Hinshaw's Labor and Employment team.

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