

ILLINOIS PAID LEAVE FOR **ALL WORKERS** ACT

The Illinois Paid Leave for All Workers Act is effective January 1, 2024. The Act applies to all private employers in Illinois, as well as state and local governments.

The following list is intended to provide employers with the most crucial updates to understand. This summarizes the Act (for the entire law, please scan the QR code on page 2).

EMPLOYEES

Employees are eligible for this paid leave 90 days after their employment begins (or after January 1, 2024, whichever is later). The accrual system deems that employees can earn and use up to 40 hours of paid leave during a 12-month period for any purpose without advanced notice. Individuals accrue one hour of paid leave for every 40 hours worked.

Unused paid leave can be carried over into the next 12-month period unless full-time employees are frontloaded all 40 hours of mandated leave at the start of the 12-month period. This leave is not payable upon termination; however, unused time must be reinstated if an employee is terminated and rehired within 12 months of separation.

Employees are paid their regular wages on leave, and commissioned or tipped employees must be compensated at least full minimum wage.

EMPLOYERS

While employees can choose when and how much leave to use, employers can set a minimum increment of no less than two hours a day. Full-time employees are granted 40 hours of paid leave during a 12-month period – this period can be any consecutive period determined by the employer at the time of the employee's hire. Part-time employees can either accrue at a reduced rate from the 40 total hours or are frontloaded on a prorated basis with paid leave. Please note that employers are not required to provide more than 40 hours of leave in a 12-month period.

Employers can choose to either frontload paid leave for all eligible employees or they can provide paid leave on an accrual basis throughout the 12-month period. When frontloading, employers can provide 40 hours of paid leave for full-time employees (or less prorated hours for part-time employees) on the

first day of a 12-month period of their choosing. With frontloading, paid leave for full-time employees cannot be carried over to the next year. In other words, a “use it or lose it” policy is allowed in these cases. However, per the Act hours can be carried over to the next year in all other cases.

Employers are permitted to request up to seven days’ advanced notice when an employee’s leave is foreseeable. However, when leave is unforeseeable, employees only need to provide notice as soon as practicable.

Employers cannot require documentation or certification to support an employee’s time off request or require the employee to search for a replacement to cover their shift. If an organization’s current paid time off policy includes stipulations on what leave can be used for (for example, sick time or vacation) it must be amended to adhere to the new law or a standalone paid leave policy can be drafted that meets the compliance requirements of the Act.

EXCLUSIONS

The Act does not apply to school districts organized under the School Code or park districts organized under the Park District Code. It also does not affect employees as defined in the federal Railroad Unemployment Insurance Act or the Railway Labor Act; temporary college or university student employees; certain short-term employees of an institution of higher learning; employees working in the construction industry who are covered by a bona fide Collective Bargaining Agreement (CBA); and employees who are covered by a bona fide CBA with an employer that provides services nationally and internationally of delivery, pickup, and transportation of parcels, documents, and freight.

HOW TO CALCULATE PRO-RATED PART-TIME FRONTLOADING

Please refer to the below example to assist in calculating prorated part-time frontloading.

Part-time hours/week (e.g., 15 hours, 20 hours, etc.) x 52 weeks = _____
(number of hours anticipated to work in a full benefit year)

Take the above answer to the equation (for number of hours anticipated to work in a full benefit year) and divide by 40 hours (the maximum annual cap of paid leave hours available) to get the frontload part-time paid leave hours for the employee.

Example (based on 15 hours/week part-time employee)

15 (hours/week) x 52 (weeks in a year) = 780 (anticipated hours for part-time employee to work) →
780/40 (maximum annual hours of paid leave per the Act) = **19.5 hours** (to be frontloaded on the first day of the benefit year for part-time employees anticipated to work 15 hours per week)

Questions? Contact Darren Smith (darren.smith@sikich.com) or Violet Balulis (violet.balulis@sikich.com) for further information.

View our webinar now on-demand: <https://www.sikich.com/illinois-paid-leave-for-all-workers-act/>



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