



## Chicago Paid Leave Ordinance: 2026 Rule Clarifications

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In May 2026, the City of Chicago issued updated rules to clarify how employers must administer paid leave requirements and address common compliance questions. The updated rules took effect June 1, 2026, applying to all covered Chicago employers.

### ■ Background

Chicago's Paid Leave and Paid Sick and Safe Leave (PL/PSSL) Ordinance requires employers to provide eligible employees with up to 40 hours of Paid Leave and 40 hours of Paid Sick Leave annually. Chicago PL/PSSL applies to employers with employees working within the City of Chicago.

### ■ Key Changes and Clarifications

The June 2026 update introduces a number of compliance clarifications:

- **Joint Employer Responsibility**  
The rules define “joint employment” and confirm that all joint employers are jointly responsible for compliance and must count shared employees toward coverage thresholds.
- **Accrual Clarifications**  
Non-exempt employees must be permitted to accrue leave on all hours worked, including overtime, while exempt employee accrual may be capped at a 40-hour workweek.
- **Expanded Childcare Coverage**  
Paid Sick Leave may be used when a child’s “place of care” is unexpectedly unavailable, including informal arrangements such as babysitters or family caregivers.



- **Combined PTO Policies Permitted**

Employers may satisfy the ordinance through a single PTO policy if employees can accrue up to 80 hours annually and all ordinance requirements (accrual, use, carryover) are met.

- **Successor Employer Obligations**

Employees must retain accrued leave in business transfers, with both original and successor employers potentially liable for noncompliance.

- **Discipline for Misuse of Sick Leave**

Employers may take disciplinary action, including termination, for misuse of Paid Sick Leave, including patterns such as unscheduled leave around weekends or after denied PTO requests.

## ■ Key Changes and Clarifications

- Review and update PTO and sick leave policies, especially combined PTO programs to ensure compliance with accrual, usage, and carryover requirements.
- Evaluate any staffing arrangements, acquisitions, and vendor relationships to confirm responsibility for joint employment compliance or Merger & Acquisition leave transfer obligations.
- Review payroll and leave administration practices to confirm accruals (including overtime) and document handling of any suspected leave misuse.