

ALERTS AND UPDATES

Philadelphia Ordinance Requires Paid Sick Time to Employees of City Contractors

November 4, 2011

Last week, Philadelphia's City Council saw its 21st Century Minimum Wage and Benefits Ordinance (Bill No. 110557, the "Ordinance") become law without Philadelphia Mayor Michael Nutter's signature. This Ordinance, which was passed by City Council by a vote of 15-2, is a follow-up to a previous, more expansive version (Bill No. 080474-AA). The prior bill, which was vetoed by Mayor Nutter earlier this year, would have required most employers located in Philadelphia to provide paid sick leave for their employees. While narrowed from the prior version, the newly enacted Ordinance will require certain contractors operating in Philadelphia to provide their full-time, non-temporary, non-seasonal employees a certain amount of paid sick time each year. The new Ordinance is effective on July 1, 2012.

The Ordinance requires "covered employers" to provide employees at least one hour of paid sick time for each 40 hours worked in Philadelphia. For employers with at least five but less than 11 employees, the cap on required paid sick time for each employee is 32 hours per year; for employers with more than 11 employees, the cap on required paid sick time for each employee is 56 hours per year.

According to the Ordinance, the following employers are considered "covered employers" that must comply with the Ordinance's provisions:

1. The City of Philadelphia, including all of its agencies, departments and offices.
2. For-profit service contractors, which receive or are subcontractors on contract(s) for \$10,000 or more from the city in a 12-month period, with annual gross receipts of more than \$1 million.
3. Nonprofit service contractors, which receive or are subcontractors on contract(s) from the city of more than \$100,000 in a 12-month period.
4. Recipients of city leases, concessions or franchises, or subcontractors thereof, which employ more than 25 employees.

5. City financial aid recipients, for which compliance shall be required for a period of five years following receipt of aid.
6. Public agencies that receive contract(s) for \$10,000 or more from the city in a 12-month period.

Violations by covered employers of the required paid sick time under the Ordinance may result in a civil action brought by the Mayor's Office of Labor Standards for damages equal to the amount of unpaid sick time that should have been provided to the employee(s), plus any actual damages suffered by the employee(s) as a result of the violation.

What This Means for Employers

Initially, companies should consult with legal counsel to determine whether they are covered by this Ordinance. Companies with paid time off (PTO) policies should not assume that such policies will automatically ensure compliance with the Ordinance. Further, if covered by the Ordinance, companies should determine how best to implement the required paid sick time for their employees, including updating their employment policies to comply with the law.

For Further Information

If you have any questions regarding the requirements, effect or implementation of this new Philadelphia Ordinance, please contact any of the [attorneys](#) in our [Employment, Labor, Benefits and Immigration Practice Group](#) or the attorney in the firm with whom you are regularly in contact.

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