

## New Rule Requires Paid Sick Leave for Workers on Federal Contracts

### RELATED PRACTICE AREAS

Employment Law

11.4.16

On September 7, 2015, President Obama signed an executive order (the “Executive Order”) requiring certain employers that contract with the Federal Government to provide their employees with up to seven days of paid sick leave per year. On September 30, 2016, the U.S. Department of Labor published a Final Rule implementing the Executive Order.

#### Coverage

The Executive Order will apply to four types of federal contracts that result from solicitations issued after January 1, 2017: (1) procurement contracts for construction; (2) service contracts; (3) concessions contracts and (4) contracts in connection with federal property or lands and related to offering services. The Final Rule will also apply to any subcontract of a covered contract that falls into one of these four categories. The rule does not apply to contracts for manufacturing or furnishing of materials, supplies, articles, or equipment to the federal government. An employee must be working on or in connection with the covered contract to accrue paid sick leave.

#### Requirements

Employers must provide up to seven days (or 56 hours) of sick leave per year to eligible employees. Employers are required to provide written notice to eligible employees at the end of each pay period of month of the amount of paid sick leave available. Employers do not need to provide an additional 56 hours of paid sick leave (or a separate sick leave benefit) on top of their existing sick leave policies – as long as their policies are equivalent to or more generous than those described in the Final Rule. In addition, employers are not required to pay employees for unused paid sick leave upon termination. Finally, employers may not interfere with the accrual or use of paid sick leave and may not discriminate or retaliate against any employee for the

exercise of rights under the Executive Order or the Final Rule.

**The Bottom Line**

Federal contractors should determine whether they will be required to provide paid sick leave to their employees as a result of this Executive Order/Final Rule.

