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Domestic Workers Portable Paid Time Off Policy Report

City of Chicago Office of Labor Standards
July 2025

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ABOUT THE REPORT

Dear Chairperson Rodriguez, Vice Chairperson Gutierrez, and esteemed members of the City of Chicago City Council Committee on Workforce Development,

The Office of Labor Standards (OLS) is honored to present this report with recommendations for a Portable Paid Leave and Paid Sick Leave policy for Domestic Workers.

The Chicago Paid Leave and Paid Sick and Safe Leave Ordinance (O2023-0002980 and O2023-0005883) tasked OLS with providing recommendations for a policy to allow Domestic Workers in the City of Chicago to accrue Paid Leave and Paid Sick Leave across multiple jobs and employers. The Portable Paid Leave and Paid Sick Leave policy recommended must allow Domestic Workers, regardless of their status as employees or independent contractors, to have meaningful access to Paid Leave and Paid Sick Leave as defined in MCC Chapter 6-130. As instructed by the Ordinance, OLS convened a working group to inform the policy recommendations.

OLS, in partnership with the Working Group and University of Chicago Inclusive Economy Lab, have spent the last year exploring, learning, and analyzing existing paid time off policies, public benefit programs, and developing other recommendations to address the issue at hand.

We want to thank the University of Chicago Inclusive Economy Lab for their work as academic partners to the Working Group. We also want to thank the members of the Working Group for their time commitment, ideas and collaborative efforts throughout the process.

Thank you,

City of Chicago, Mayor's Office-Labor Relations

City of Chicago, Department of Business Affairs and Consumer Protection-Office of Labor Standards

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- Hand in Hand: The Domestic Employers Network
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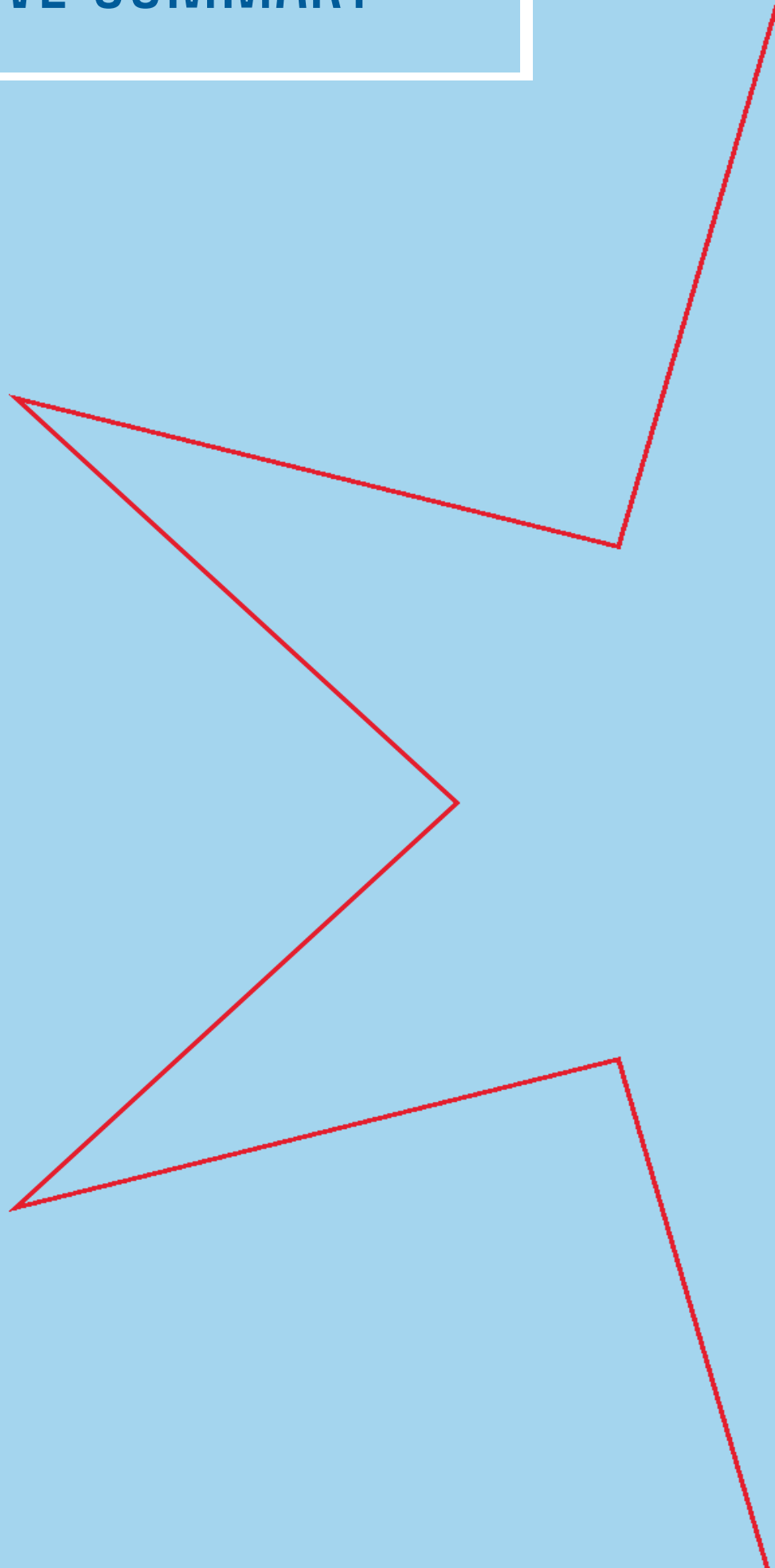
For any inquiries regarding this report, please reach out to the Office of Labor Standards at BACPLaborStandards@cityofchicago.org



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FAIR TREATMENT
FAIR CONTRACTS
FOR ALL CARE WORKERS**
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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Pursuant to Section 10 of the City of Chicago Paid Leave and Paid Sick and Safe Leave Ordinance (O2023-0002980) (Paid Time Off Ordinance), this report provides an overview of options available to the Chicago City Council Committee on Workforce Development to create a portable Paid Leave and Paid Sick Leave (Paid Time Off) policy for Domestic Workers (City-Council, SO2023-0002980, 2023). The Paid Time Off policy would allow domestic workers, as defined in the Paid Time Off Ordinance, to accrue paid time off across multiple employers. The policy would provide a portable benefit – allowing domestic workers to access any benefit earned regardless of their continued employment with an individual employer or client. (Libby Reder, 2019). In this report, domestic workers are defined as workers who provide services in private households, such as nannies, housecleaners, and caregivers (City-Council, Chicago MCC 6-100, 2025).

Under the Municipal Code of Chicago (MCC) Chapter 6-130, the Paid Leave and Paid Sick and Safe Leave Ordinance grants all Covered Employees who work within the geographical boundaries of the city of Chicago the right to earn paid leave and paid sick leave (paid time off) (City-Council, MCC 6-130, 2025). Employers are required to provide paid time off to Covered Employees who work at least 80 hours within any 120-day period for an Employer. This Ordinance provides protections and the right for employees to take time off to rest from work and to care for themselves or their family. Under the Ordinance, all domestic workers are considered Covered Employees. In addition to paid time off, domestic workers working in Chicago must be paid the Chicago minimum wage and receive a written contract in their preferred language from their employers.

Despite the existing protections outlined in the MCC, domestic workers face barriers accessing existing labor protections. Private by nature, domestic work is challenging to regulate and safeguard rights for workers. Domestic workers often report a power imbalance under their employers and fear retaliation if they speak out. The fear leads to many workers choosing to remain silent about their working conditions, including when not paid for all hours worked. Due to work scheduling practices, such as irregular shifts spread out over several months, many domestic workers do not meet the workhours required to be entitled to Paid Time Off under the Paid Time Off Ordinance.

Employers of domestic workers are often individuals or families who seek help with child-care, adult-care, or assisting individuals with disabilities. While agencies hiring domestic workers have the infrastructure to understand and comply with their employer responsibilities, individual employers of domestic workers often lack knowledge of their responsibilities as employers and could use further education and assistance with compliance of existing laws.

As required by the Paid Time Off Ordinance, the Office of Labor Standards (OLS) and Mayor's Office (MO) convened a working group of various stakeholders to inform the recommendations included in this Report. The working group met regularly from September 2024 to May 2025 as detailed in Appendix A, to understand the unique challenges experienced by both domestic workers and their employers in ensuring workers have access to Paid Time Off as well as the

various policies that could provide portable Paid Time Off to domestic workers with multiple employers.

Various models discussed were assessed by City Departments to examine their feasibility and potential implementation costs. City officials also met with officials from San Francisco and Seattle to better understand the details of their portable paid time off policy models.

Ultimately, the portable paid sick leave model currently being implemented in San Francisco was the model deemed most feasible. The Domestic Workers' Equal Access to Paid Sick Leave Ordinance passed by the City and County of San Francisco requires the creation of a portable paid time off system by a third-party administrator. The system must track the hours worked by domestic workers for each hiring entity and calculate and facilitate payment of paid sick leave from the employer to the domestic worker. As of the date of the publication of this Report, the San Francisco model is not yet operational.

This Report outlines how a similar model could be implemented in Chicago, including the eligibility requirements for a domestic worker, the amount of paid time off earned by the domestic worker, administrative responsibilities for all involved parties, the calculation of hours worked, and the costs to operate the program.

Other recommendations are included in this Report to ensure as many domestic workers as possible have access to paid time off under the existing Paid Time Off Ordinance and address other common issues faced by domestic workers.

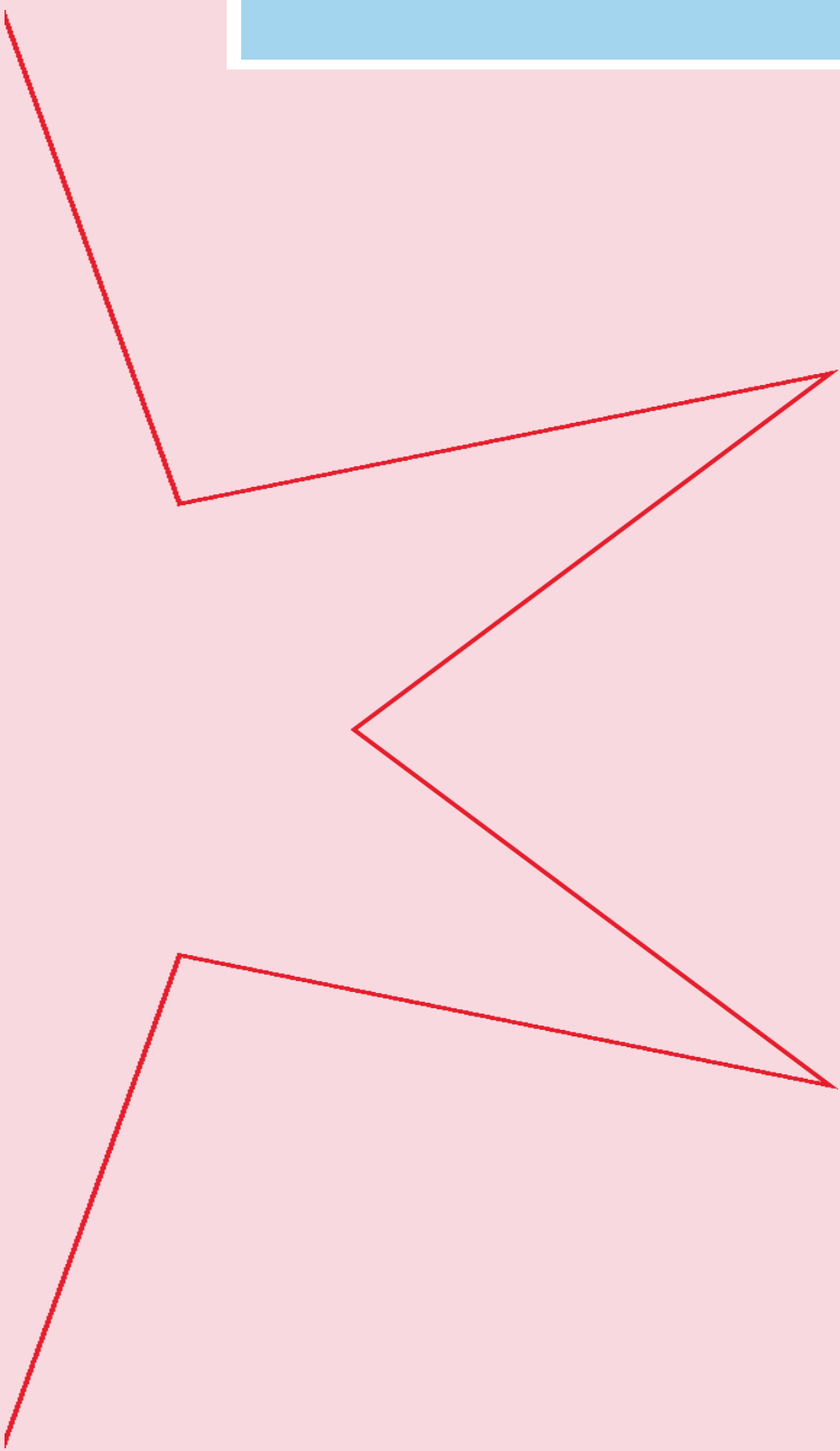
Supporting information can be found in the appendices to this Report.



Your Home is Someone's Workplace



BACKGROUND



BACKGROUND

2023 Paid Time Off Ordinance and Portable Paid Time Off Report

Passed in 2023, the Chicago Paid Leave and Paid Sick and Safe Leave Ordinance (Paid Time Off Ordinance) expands the rights of all Covered Employees in Chicago to earn and use paid time off from their employers. While Covered Employees working in Chicago have had the right to earn up to 40 hours of paid sick leave since 2017, the Paid Time Off Ordinance requires employers to provide an additional 40 hours of paid leave to Covered Employees. Covered Employees can use paid leave earned for any reason. Covered Employees are defined as employees who work at least 80 hours within any 120-day period for an employer within the geographical boundaries of the city of Chicago. Once an employee meets the requirements to become a Covered Employee, they remain a Covered Employee while employed by their employer.

Under the Paid Time Off Ordinance, Covered Employees start accruing both paid Leave and paid sick leave on July 1, 2024, or the first calendar day that an employee starts working (whichever is later). Covered Employees accrue at least one hour of paid leave and at least one hour of paid sick leave for every 35 hours worked. Covered Employees are entitled to compensation and benefits at the same rate they regularly earn during their hours worked. Covered Employees can carry-over 16 hours of paid leave and 80 hours of paid sick leave between benefit years.

Section 10 of the Paid Time Off Ordinance (O2023-0002980) requires OLS to present to the Chicago City Council Committee on Workforce Development a Report with recommendations for a portable paid leave and paid sick leave (paid time off) policy for all domestic workers as defined by the Paid Time Off Ordinance by no later than July 1, 2025 (City-Council, SO2023-0005883, 2023).

Accordingly, this Report is presented to the Committee on Workforce Development to provide context, guidance, and recommendations for the potential establishment of a portable paid time off policy which would allow domestic workers to accrue and access paid time off across multiple jobs and employers. The policy recommendations provide all domestic workers, whether classified as employees or independent contractors, with meaningful access to paid time off, as defined in MCC Chapter 6-130. This Report evaluates the feasibility of different models, considers the cost of ongoing operations and identifies potential sources of funding for the implementation and enforcement of the proposed policy, as required by the Paid Time Off Ordinance. The Report also includes additional recommendations to ensure that as many domestic workers as possible have access to paid time off and to address other issues that surfaced during the research for this Report. As required by Ordinance and to guide the creation of this Report, MO and OLS convened a working group of individuals of diverse backgrounds, experiences, and expertise to inform the policy recommendations. Working group members included relevant City departments, domestic workers, workers centers, policy organizations, worker advocates, and domestic worker employers. The University of Chicago Inclusive Economy Lab (IEL) provided research support,

shared scientific analysis and assisted with the planning and execution of working group meetings.

Importance of Providing Paid Time Off

Studies have routinely shown that providing paid time off has positive impacts on employee productivity, morale, job satisfaction and decreased employee turnover (Blackburn, 2023). This is particularly salient for domestic workers who largely work within households and in close proximity to their employers. Domestic workers often provide direct care to elders with medical conditions, children, or people with disabilities. Academic literature finds that sick leave mandates increase the proportion of workers who are able to stay home when sick by 30% with a baseline coverage of 63% (Maclean et al, 2020).

Additional information on the costs and benefits of sick leave mandates can be found in Appendices F, G and H of this Report.

Right to Paid Time Off and Other Protections for Domestic Workers in Chicago

All domestic workers, including both employees and independent contractors, working in Chicago have the right to earn up to 40 hours of paid leave and 40 hours of paid sick leave under the Paid Time Off Ordinance. Similar to all other Covered Employees, domestic workers must work at least 80 hours within any 120-day period for one employer to be covered under the Paid Time Off Ordinance. Domestic workers must accrue at least one hour of paid leave and at least one hour of paid sick Leave for every 35 hours worked.

The requirement to work 80 hours within a 120-day period for one employer leaves many domestic workers without the right to earn and use paid time off. Many domestic workers, whether they are classified as employees or independent contractors, have multiple jobs and do not work the required hours for one employer to have access to paid time off. For example, housecleaners, who are often independent contractors, may have dozens of clients but may not work consistently or on a set schedule for each client.

In addition to paid time off, domestic workers working in the city of Chicago must be paid the full Chicago minimum wage and receive a written contract from their employers. On July 1, 2025, domestic workers working in Chicago must be paid at least \$16.60 per hour (Chicago, 2025). As of January 1, 2022, all employers of domestic workers must provide a written contract setting forth the wage and work schedule agreed upon by the employer and domestic worker (Chicago, MCC 6-120, 2025). The contract must be written in the primary language of the domestic worker and provided to them upon their request. These rights are afforded to domestic workers working in Chicago, regardless of immigration status, race, gender identity, or sexual orientation.

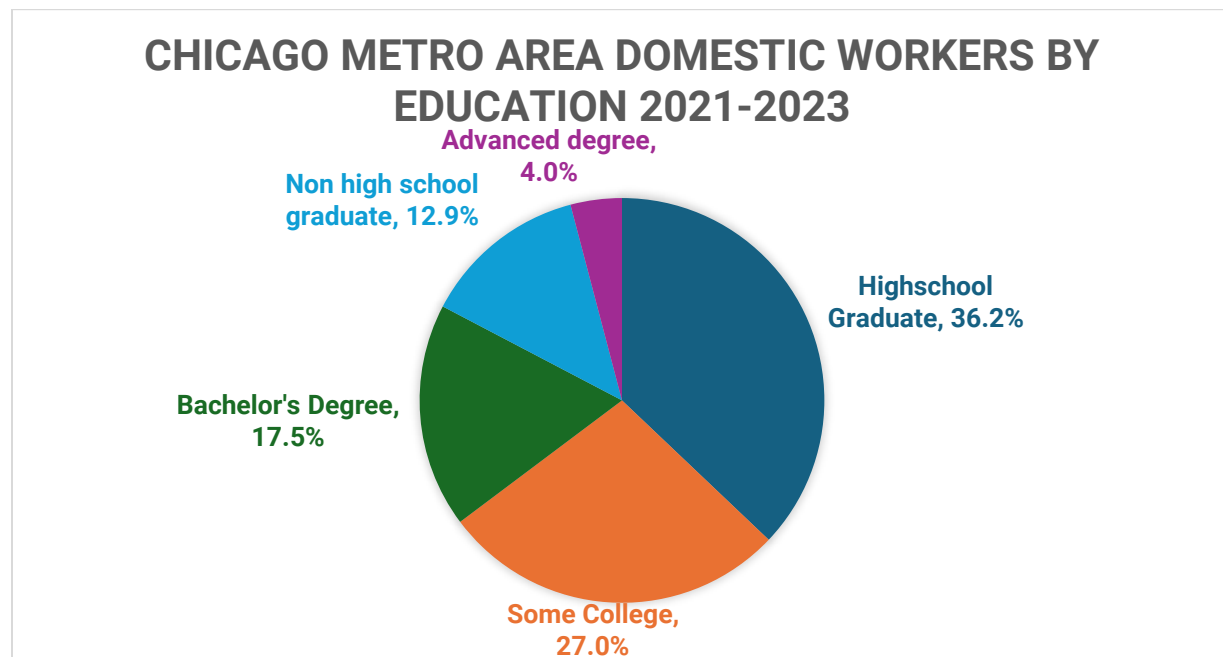


Snapshot of Domestic Workers in Chicago and the United States

OLS estimates that there are 16,257 domestic workers working within the geographical boundaries of the city of Chicago. It is of importance to note that this figure is an undercount. OLS utilized U.S. Bureau of Labor Statistics information along with data from the Illinois Department of Economic Security which traditionally does not capture independent contractors. The methodology used to reach the estimation can be found in Appendix B at the end of this report.

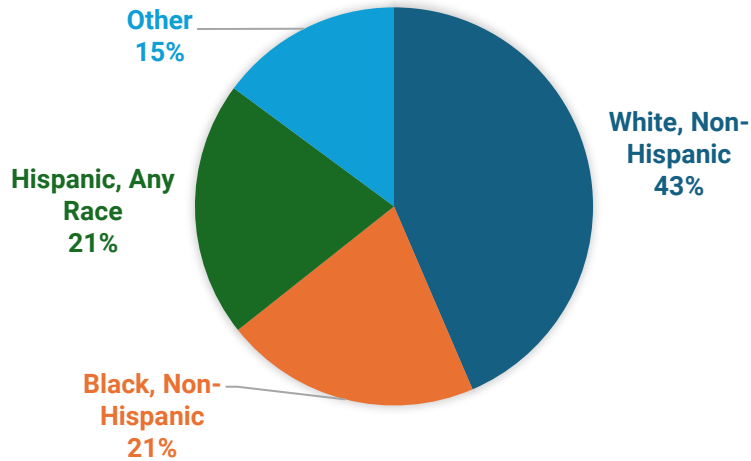
OLS program analysts analyzed the demographic data of domestic workers in the Chicago Metro Area. The OLS program analysts determined the demographic data of domestic workers in Chicago by aggregating two methodologies. For detailed methodology information, please see Appendix B at the end of this Report. The estimate findings of the analysis include:

- Women account for the vast majority of domestic workers (93%)
- Most domestic workers identify as Black or a person of color (57%)
- Almost half of domestic workers (49.1%) do not have a degree beyond a high school degree
- 41.93% of domestic workers are between the ages of 23 and 49
- 52% of domestic workers are not born in the United States
- 29% of domestic workers are not U.S. citizens
- Work status (full-time vs part-time) of domestic workers is evenly split at 50%.



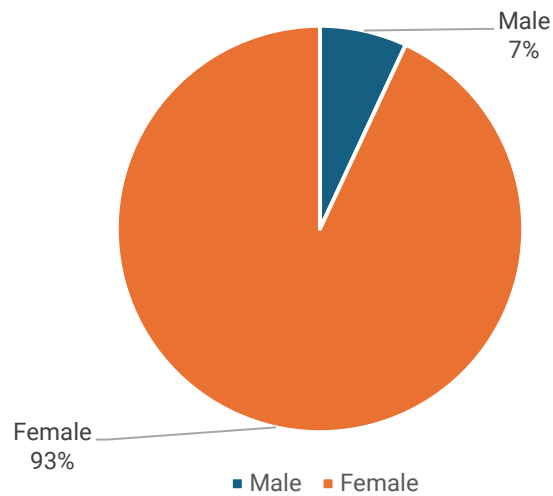
OLS aggregate of EPI and IPUMS data analysis of Census Survey Data

CHICAGO METRO AREA DOMESTIC WORKERS BY RACE AND ETHNICITY 2021-2023



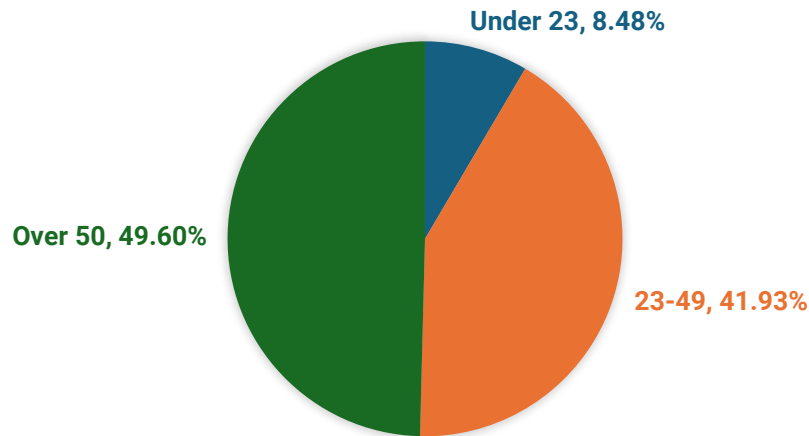
OLS aggregate of EPI and IPUMS data analysis of Census Survey Data

CHICAGO METRO AREA DOMESTIC WORKERS BY GENDER 2021-2023



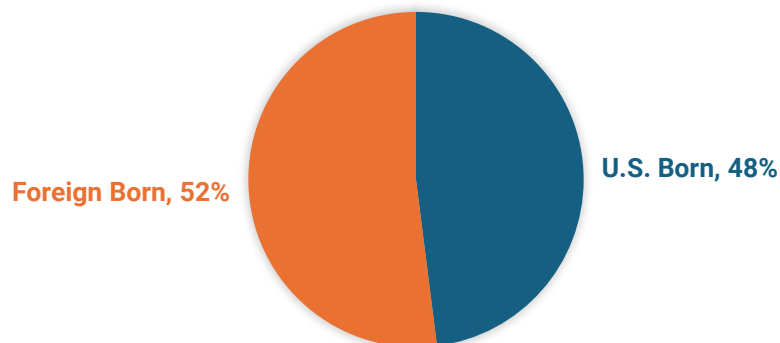
OLS aggregate of EPI and IPUMS data analysis of Census Survey Data

CHICAGO METRO AREA DOMESTIC WORKERS BY AGE 2021-2023



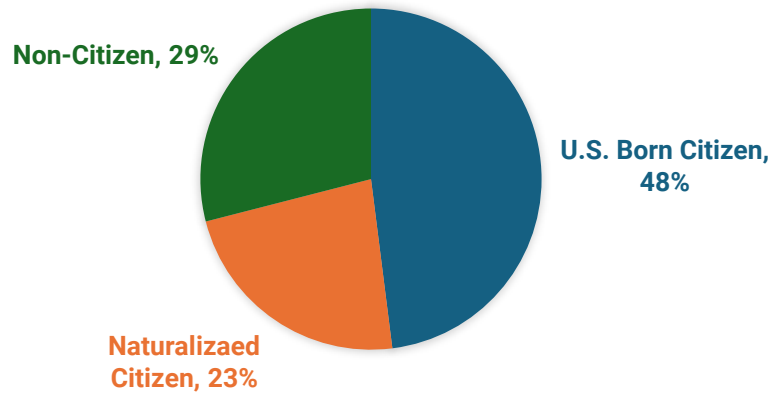
OLS aggregate of EPI and IPUMS data analysis of Census Survey Data

CHICAGO METRO AREA DOMESTIC WORKERS BY NATIVITY 2021-2023



OLS aggregate of EPI and IPUMS data analysis of Census Survey Data

CHICAGO METRO AREA DOMESTIC WORKERS BY CITIZENSHIP STATUS 2021-2023



OLS aggregate of EPI and IPUMS data analysis of Census Survey Data

CHICAGO METRO AREA DOMESTIC WORKERS BY WORK STATUS 2021-2023



OLS aggregate of EPI and IPUMS data analysis of Census Survey Data



In the United States, there is a wide and persistent gap between domestic workers' wages and wages of all other workers (EPI, EPI Microdata Extracts, 2025). Domestic workers earn 25% less per hour than other workers (EPI, EPI Microdata Extracts, 2025). On average domestic workers earn just two-fifths of the annual salary of all other nondomestic workers (EPI, EPI Microdata Extracts, 2025). The pay gap for domestic workers is widest for house cleaners (EPI, EPI Microdata Extracts, 2025). Domestic workers are more than twice as likely to work part time because they cannot get full-time hours (EPI, EPI Microdata Extracts, 2025). Domestic workers are three times as likely to face economic hardship and almost three times as likely to lack enough income to make ends meet (EPI, EPI Microdata Extracts, 2025). Domestic workers are less likely to have health or retirement benefits (EPI, EPI Microdata Extracts, 2025).

Domestic workers may be employed by an agency or by an individual household. In the United States, the majority of domestic workers are home care aides (caregivers) (EPI, EPI Microdata Extracts, 2025). While over a million home care aides in the United States are employed by an agency, it is difficult to get an accounting of how many domestic workers are employed by an individual household. Many households hire domestic workers directly, often through an app, website, or word of mouth, and are paid "under the table."

In 2022, IEL conducted a survey of 262 domestic workers working in Chicago and conducted six focus groups of domestic workers. IEL's report found that many domestic workers did not have access to paid leave and paid sick leave. Only 24% of domestic worker respondents received paid sick leave and a little over 14% received paid vacation time as a part of their work-agreement with their employer. IEL's full findings can be found in Appendix D.

The United States is experiencing a shortage of domestic workers, especially early childcare and direct care sectors.ⁱ The US Bureau of Labor Statistics Occupational Outlook Handbook projects that employment of childcare workers will decline 1% from 2023-2033. Despite the projected decline, there will be around 162,500 openings for childcare workers each year, on average (BLS, Occupational Outlook Handbook-Childcare Workers, 2023). The US Bureau of Labor Statistics has published estimates indicating that the United States will need over 1 million individuals to participate in health and personal care aids jobs (BLS, Employment Projections: 2023-2033 Summary, 2024).

Core Challenges in Safeguarding the Rights of Domestic Workers

While existing protections enshrined in the Chicago Municipal Code afford domestic workers many rights, enforcement remains a challenge for OLS. Domestic workers are often the sole employee hired or contracted by a household employer, creating unique challenges that are not as acute for domestic workers employed by an agency with increased access to established processes to report alleged violations of their labor rights.

The working relationship between a household and a domestic worker is non-traditional, especially when compared to the standard bookkeeping and employment practices of traditional employer-employee relationships. Often neither household employers nor domestic workers keep meticulous records of hours worked, rates of pay, or employment conditions. Record-keeping is integral to prove or defend against an alleged labor violation.

Many challenges arise from the inherent power imbalance between domestic workers and their employers. A household employer fosters a highly intimate and isolating working environment, which may increase the likelihood of exploitation. Domestic workers often fear retaliation from their employers, preventing workers from reporting issues such as discrimination based on their country of origin, their gender, their immigration status, their ethnicity and race. This same fear also silences workers' complaints about their work conditions, including wage theft, minimum wage violations, and safety conditions at work.

Even if workers overcome their fear and file a complaint, they face reputational damage to their standing in their work field. Domestic work is self-contained within a close-knit community, losing a job due to slander can have serious consequences. Future work opportunities depend on word-of-mouth referrals. Any negative talk—whether true or not—can make it harder to find work.

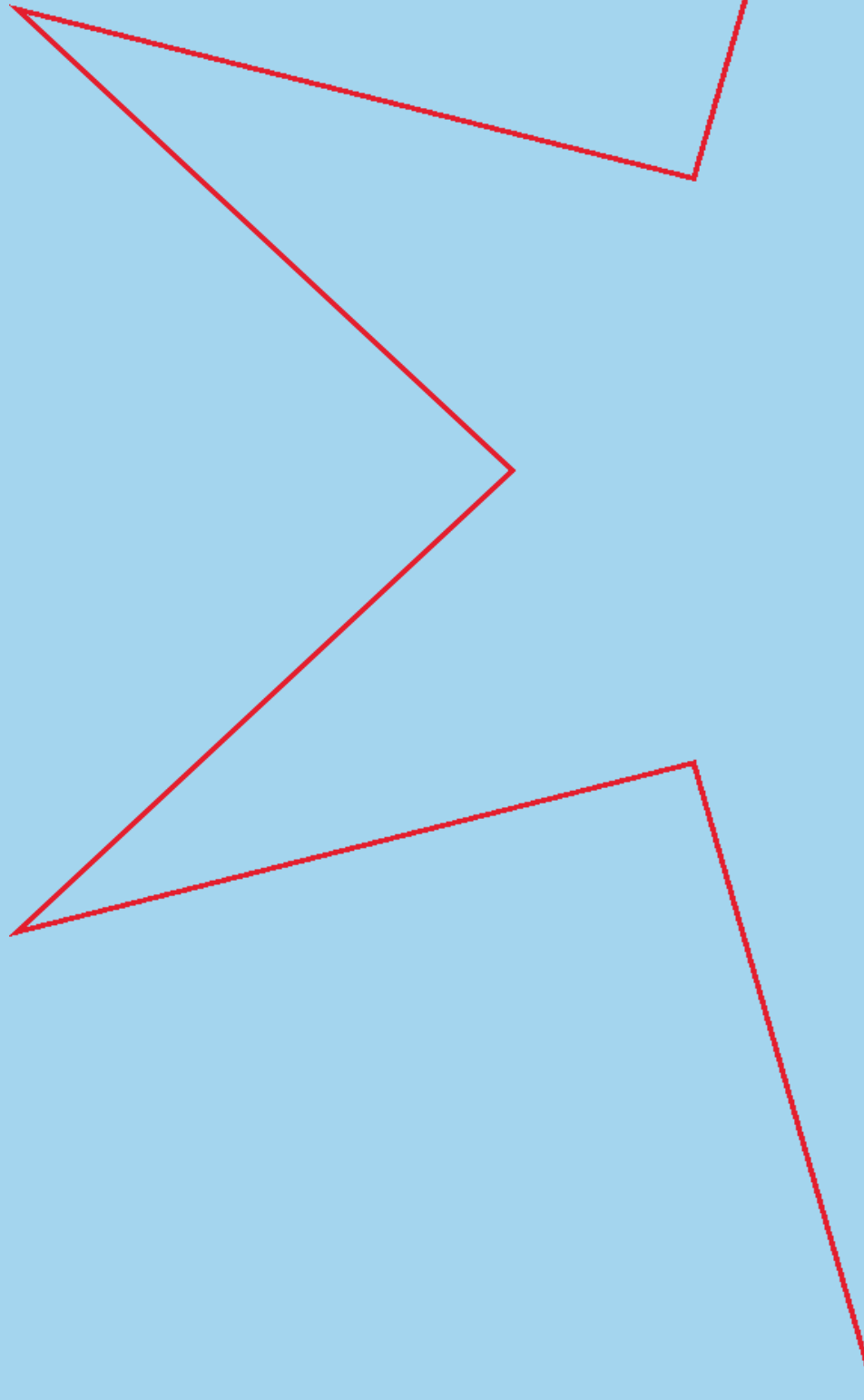
The immigration status of an individual also impacts enforcement efforts. Many domestic workers and their employers incorrectly believe that immigration status affects legal rights at work and many undocumented individuals have a deep distrust of government at all levels.

Workers in the industry have language barriers and lower literacy rates (when compared to the general population), which can lead to difficulties in contract negotiations between workers and their employers and clients (EPI, EPI Microdata Extracts, 2025).

Other challenges include providing education and outreach to both domestic workers and employers. Government agencies, including OLS, need to identify both employers/clients and domestic workers without a centralized list or accurate demographic data. Household Employers contracting domestic workers often do not see themselves as employers and therefore do not understand their responsibilities as an employer.



POLICIES CONSIDERED





POLICY RECOMMENDATION AND OTHER POLICIES CONSIDERED

Recommended Policy: Hours and Payment Tracking-Tool

To ensure domestic workers can earn and use paid time off across multiple employers, the City could consider creating and implementing a tracking tool that records hours worked, manages time-off requests, and calculates each employer's paid time off contribution.

A similar model was created by the City of San Francisco's Domestic Workers' Equal Access to Paid Sick Leave Ordinance. However, the model has not been fully implemented at the time of the publication of this Report.

San Francisco Model

The City and County of San Francisco passed the Paid Sick Leave Ordinance (PSLO) in 2006 requiring all employers to provide paid sick leave to all employees (San Francisco, 2025). In 2022, the City and County of San Francisco passed the Domestic Workers' Equal Access to Paid Sick Leave Ordinance to increase access to paid sick leave for domestic workers (San Francisco, San Francisco Labor and Employment Code). The Domestic Workers' Equal Access to Paid Sick Leave Ordinance requires the Office of Economic and Workforce Development to identify a third-party administrator that can build and operate a system with the ability to track hours and calculate and facilitate payment of paid sick leave. The Portable Paid Sick Leave system must track each hour domestic workers worked for a hiring entity, coordinate the transfer of funds from hiring entities to domestic workers at the time of request, minimize the administrative burden for the hiring entity and domestic workers, and collect background information of the hiring entities and domestic workers.

Under San Francisco's model, domestic workers earn one hour of paid sick leave for every 30 hours worked for a hiring entity. Domestic workers can accrue up to 40 hours and are able to use that time for reasons listed in the San Francisco PSLO. Domestic workers are responsible for reporting the number of hours worked, their net pay rate, and the hiring entities' contact information to the system. Hiring entities are responsible for reporting the number of hours worked and the net pay rate of domestic workers to the system. They are also responsible for any tax withholding and reporting obligations. If hiring entities are already providing paid Sick Leave under the San Francisco Paid Sick Leave Ordinance, then they are exempt from the Domestic Workers' Equal Access to Paid Sick Leave Ordinance.

While the San Francisco model allows domestic workers to accrue time as they work and automatically calculates time worked and paid leave, there are implementation challenges including the costs required to operate and maintain the technology as well as little incentive or threat to employers required to enforce full participation of all parties. As of the date of the publication of this Report, the San Francisco model is not yet operational.

City of Chicago Hours and Payment Mobile Application Tracking-Tool Recommendation

To create a similar portable paid time off program for domestic workers in Chicago, the City would need to procure a third-party administrator to design a web-based and mobile application tool to track hours worked by domestic workers and each domestic workers' net pay rate. City of Chicago staff would administer the program. The tool would validate the data provided by the workers and employers. Using the data provided by domestic workers and employers, the software would determine the amount of paid time off each hiring entity would need to pay a domestic worker when a domestic worker takes paid time off. This model would lessen the administrative burden on domestic workers and their employers of tracking hours from multiple jobs, making participation for both parties easier. Unlike other policies considered, this solution would ensure employers continue to be responsible for the administration of paid time off benefits of their employees as currently required under the Paid Time Off Ordinance and not require the City to administer benefits to workers of private employers. Domestic workers not eligible for paid time off under Chicago's Paid-Time Off Ordinance would have the opportunity to access paid time off across multiple hiring entities. This model would require amendments to the existing Chicago Paid Time Off Ordinance and securing a third-party administrator to develop and maintain the system.

Overall Benefits and Challenges of the Tracking-Tool Model

Key benefits of the Tracking-Tool Model include the software's minimal collection of sensitive data, especially identifiable information, which would help mitigate any reluctance by domestic workers and employers to use the platform.

In addition, this model would not require the City to provide a W-2 or 1099 forms to domestic workers and allows for direct payment between employers and domestic workers. Thus, making it administratively simpler than alternatives considered in this Report that would require the City to both monitor and pay out benefits directly to workers.

The two main implementation challenges are developing a fair formula to distribute paid time off across multiple employers and ensuring both employers and domestic workers sign up for the program.

Steps Required by City Council to Implement the Tracking-Tool Model

Changes to the Municipal Code of Chicago

To establish a tracking tool similar to San Francisco's model, the current Chicago Paid Time Off Ordinance must be amended to:

- Allow domestic workers, whether they are employees or independent contractors, to accrue paid time off across multiple employers regardless of the number of hours they work for that employer or client;



- Codify a formula for splitting the cost of paid time off hours amongst multiple employers; and
- Establish a way to rectify any disagreements in data showing the hours worked and the net rate of pay provided to Domestic Workers by their various employers.

Appropriation of Funds

This model would require funding to develop, administer, and maintain the portable paid time off system as well as cover administrative and technological costs associated with the continuous maintenance of the system. The City Council would need to approve the appropriation of funds for this system to cover the initial and ongoing costs.

Creating the Tracking Tool Through a 3rd Party Administrator

The City's existing payroll system would be unable to track hours and pay rates for thousands of domestic workers and their employers. This information is needed to coordinate the transfer of funds from employers to domestic workers. The City, through established procurement processes, would need to contract with a third-party vendor to develop, administer, and maintain the tracking tool. The third-party vendor would either use an off-the-shelf software system or build a system from scratch. A vendor would ideally have expertise in program management, financial management, accounting, banking controls, and technological expertise. Additional funds would be needed to contract a vendor to create the tracking tool.

Cost Analysis to Implement the Tracking-Tool Model

The Department of Technology and Innovation (DTI) estimates it would cost between \$950,000 and \$2,500,000 to pay a vendor to create a mobile application and web-based tracking tool. After the first-year additional maintenance and hosting fees would cost between \$150,00 and \$450,000 annually. The Office of Budget Management (OBM) estimates that 6 to 12 full-time employees would be needed to run the program at a cost estimate ranging from \$1,048,862 to \$2,115,088 a year.

The total cost estimate would be between \$1,998,862 and \$4,615,088 annually. The City Council would need to approve the appropriation of additional funds for this system to cover the initial and ongoing operational costs.

Cost Estimates for Initial Startup of the Tracking-Tool Model

	Low End	High End
IT Costs	\$950,000	\$2,500,000
Staffing	\$1,048,862	\$2,115,088
Total	\$1,998,862	\$4,615,088

Revenue Source for Tracking-Tool Model

Utilizing the City's general fund would be inadvisable for this program due to its narrow applicability for City residents. A new and dedicated revenue source will need to be identified to support this work as there is not currently a surplus available to fund this model.

The City of Chicago Department of Finance (DOF) and OBM identified the following potential revenue sources to assist with the Tracking Tool operations:

- Require a fee for the services provided
- Tax Domestic Work Services
- Tax Employers, Domestic Workers or both in the form of a payroll tax

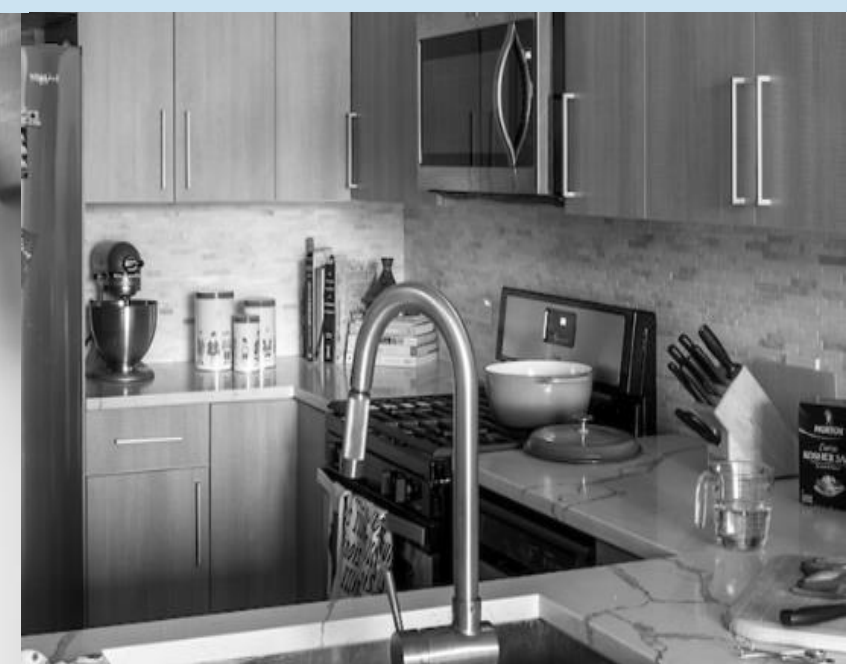
This program acts similar to other service programs that the City runs and would benefit from a fee-for-service model that raises revenue for the specific service provided. The other taxes proposed likely require a change in state law and the institution of a City tax. Taxing domestic work services may have a negative impact on the workforce as households move away from hiring independent contractors and instead contract with agencies.

Other Policy Considered: Philadelphia Model

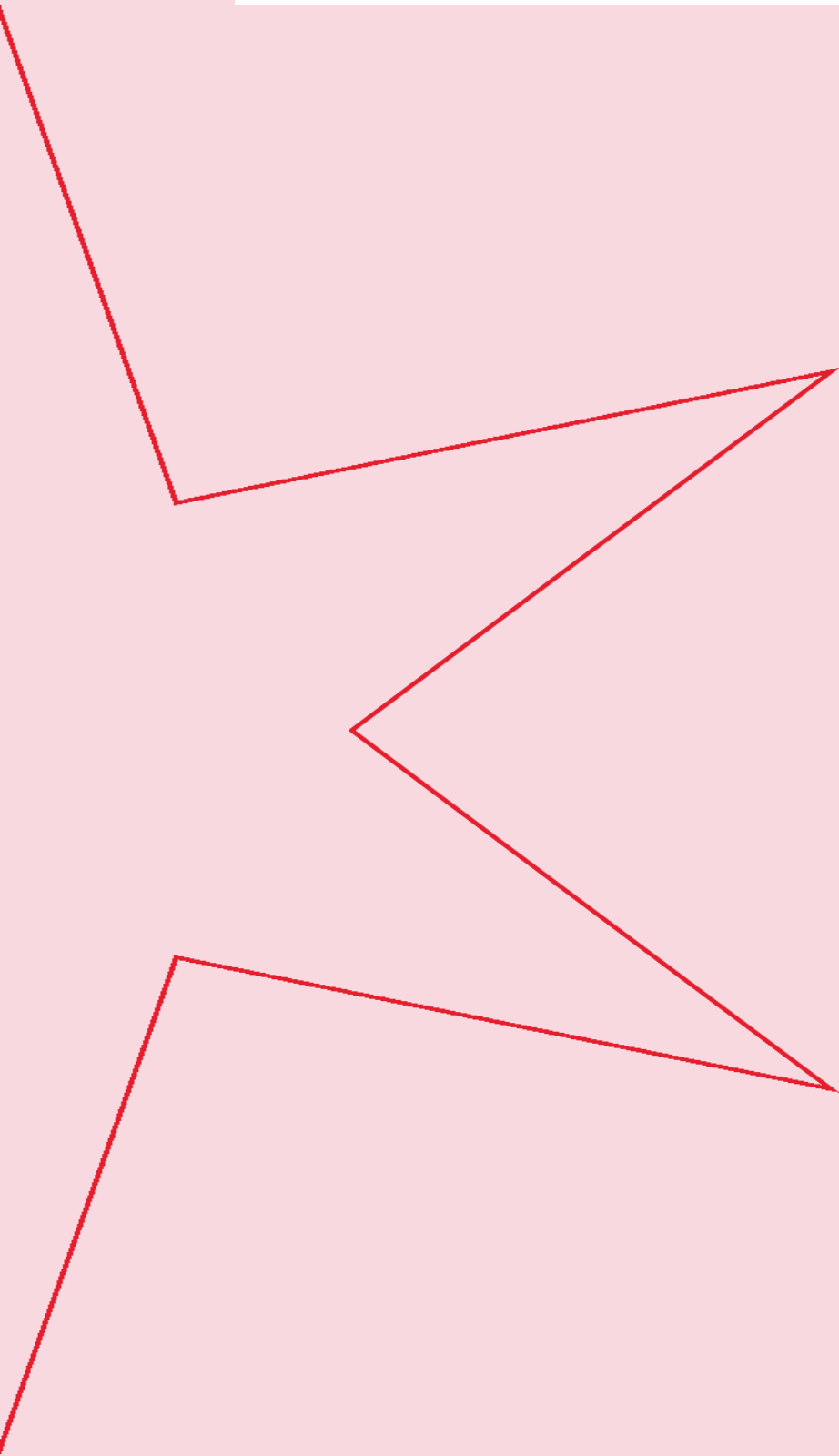
The City of Philadelphia passed an ordinance in 2019 mandating the creation of a portable paid time off system (Philadelphia, 2025). The ordinance allows domestic workers to accrue one hour of paid time off for every 40 hours worked; live-in workers only accrue for on-duty time. Domestic workers would then be granted access to their paid time off once they have accrued the required hours. Workers can use paid time off for the following reasons: to replace income lost from regularly scheduled work time due to cancellation from the employer, sick leave, and personal time. The hiring entity pays directly to the portable paid time off system based on the hours worked by the worker. The City of Philadelphia would fully administer the portable system. The portable benefits system would record and track paid time off accrued by multiple hiring entities and collect and disperse pay from hiring entities to pay out to workers.

Under the Philadelphia model, domestic workers do not have to ask employers for paid time off, but rather the City of Philadelphia. The City of Philadelphia is responsible for determining the amount of paid leave domestic workers have accrued across multiple hiring entities and paying out the necessary amount to the workers.

This model was not discussed and explored in detail. In this proposed system, the City of Chicago would be serving as a banking institution. This model would face significant financial regulation and reporting hurdles along with legal hurdles to operate in the City of Chicago. At the time of publication of this Report, Philadelphia has yet to implement this model.



ADDITIONAL RECOMMENDATIONS



ADDITIONAL RECOMMENDATIONS

Tailored Outreach to Domestic Employers and Workers

Working Group members, domestic workers, and employers of domestic workers expressed the need for further education on both the employer responsibilities and the rights of Domestic Workers. Domestic workers expressed difficulty in engaging with employers that did not understand their legal responsibilities as employers. One nanny discussed an instance when she asked her employer (the parent of the children for which she cared) for paid time off, but was denied because her employer did not believe that the nanny deserved to have any paid time off to spend with her own family. All domestic workers interviewed expressed a need for better education for domestic workers on their rights and that better education on their rights would assist them in confidently negotiating wages, benefits, and other working conditions with their employers.

Employers of domestic workers, on the other hand, also expressed a need for further education and guidance on their legal responsibilities, including contract requirements, tax responsibilities, minimum wage, and paid time off requirements. Many employers are individuals or families that need support taking care of children or elderly family members. They often do not have experience hiring someone and lack knowledge of the legal responsibilities and best practices of hiring an individual to work in their homes.

With additional funding, OLS could help ensure that domestic workers have access to paid time off by conducting more tailored outreach to both Domestic Workers and employers. For example, OLS could partner up with businesses that connect domestic employers with domestic workers, such as third-party job listing platforms, by providing educational materials or training on domestic employers' legal responsibilities. OLS could also partner with City sister agencies, such as the Chicago Public Library, Chicago Park District, Chicago Public Schools, and City Colleges to share educational materials with relevant stakeholders. These partnerships could also amplify the reach of www.chi.gov/care, a City-run website focused on providing information to domestic employers on their legal responsibilities and the rights of domestic workers. The outreach itself could be conducted by expanding OLS staffing or by partnering with trusted community-based organizations using the Office of Equity and Racial Justice's co-governance framework (Chicago, Chicago's Co-Governance Framework, 2025). Philanthropic grant funding could be a way to alleviate any budgetary constraints.

Enhanced Data Collection

To provide for more effective outreach, regularly updated data about domestic workers and their employers in Chicago is needed. With additional funding, OLS could engage with academic partners to design and implement a survey that can provide a current snapshot of the industry. Establishing a data collection process can ensure that OLS engages with relevant stakeholders and can update its existing outreach with up-to-date information.

State-Managed Benefits Programs for Non-Traditional Workers

A review of existing state and federal benefit programs completed by IEL revealed the best practices and commonality between the programs. Lessons learned from the review informed this recommendation. A full review can be found in Appendix E of this Report.

A state benefit management program should be considered to provide benefits to all independent contractors (non-traditional workers) – not just domestic workers – to standardize benefits often provided to employees, such as health insurance, unemployment insurance, worker's compensation, temporary disability insurance, etc. The state of Illinois already provides and administers worker's compensation, unemployment insurance, and a retirement savings account for employees. The state of Illinois could consider expanding access to these benefits to independent contractors.

Expanding a benefit program to include all non-traditional workers would increase the pool of eligible participants and provide additional benefits to a larger number of workers. The State has existing reporting and taxing infrastructure that would lessen start-up administrative costs. Having a benefit program with a larger participant pool would improve the return on investment on public funding.

Illinois Domestic Workers Coalition Income Insurance Proposal

To help inform this Report, the Working Group assessed the benefits and challenges of a portable paid time off for domestic workers, including the potential implementation challenges. Understanding the implementation challenges of a portable paid time off program, the Illinois Domestic Workers Coalition (whose members participated in the Working Group) proposed an alternative program for domestic workers: Income Insurance

The scope of this report is to provide recommendations for a portable paid time off program for domestic workers. Thus, this Report does not make any recommendations on the creation of an income insurance program for domestic workers. However, a brief summary of the Coalition's proposal is included for the Committee on Workforce Development's awareness. The Coalition's full proposal can be found in Appendix I.

Under the Coalition's proposal, domestic workers would receive money to replace their income when they cannot work or are not allowed to work for any reason, including for their own vacation, illness, injuries, caregiving responsibilities, or reasons attributable to the employer, such as the employer being out of town. Domestic workers eligible for the program would receive a front-loaded direct cash payment of a total of 80 hours of paid time off at the Illinois Statewide Average Weekly Wage (SAWW) rate, once per year. Eligible workers must perform domestic work or reside in the City of Chicago and must self-declare themselves as domestic workers to the City of Chicago. Domestic workers who already have existing meaningful access to paid time off mandated under the Paid Time Off Ordinance would be ineligible for the income insurance program.



According to the Illinois Domestic Workers Coalition, an income insurance program would ensure that paid time off is fully accessible to all domestic workers who face unique barriers to paid time off such as:

- Unpredictable and irregular working schedules
- Power imbalance inherent to domestic work
 - Employers do not voluntarily comply with labor protections
 - Workers are expected to self-advocate for labor protections

CONCLUSION

Meaningful access to paid time off is a fundamental right and essential protection for workers regardless of the type of job or work environment. All workers, including domestic workers, deserve time off to rest, recharge, and spend time with their loved ones without having to sacrifice their family's financial well-being. The unique working conditions of working in someone else's home and the part-time and temporary nature of domestic work pose distinct challenges to access paid time off for domestic workers. The distinct challenges faced by domestic workers require targeted solutions to guarantee their access to paid time off.

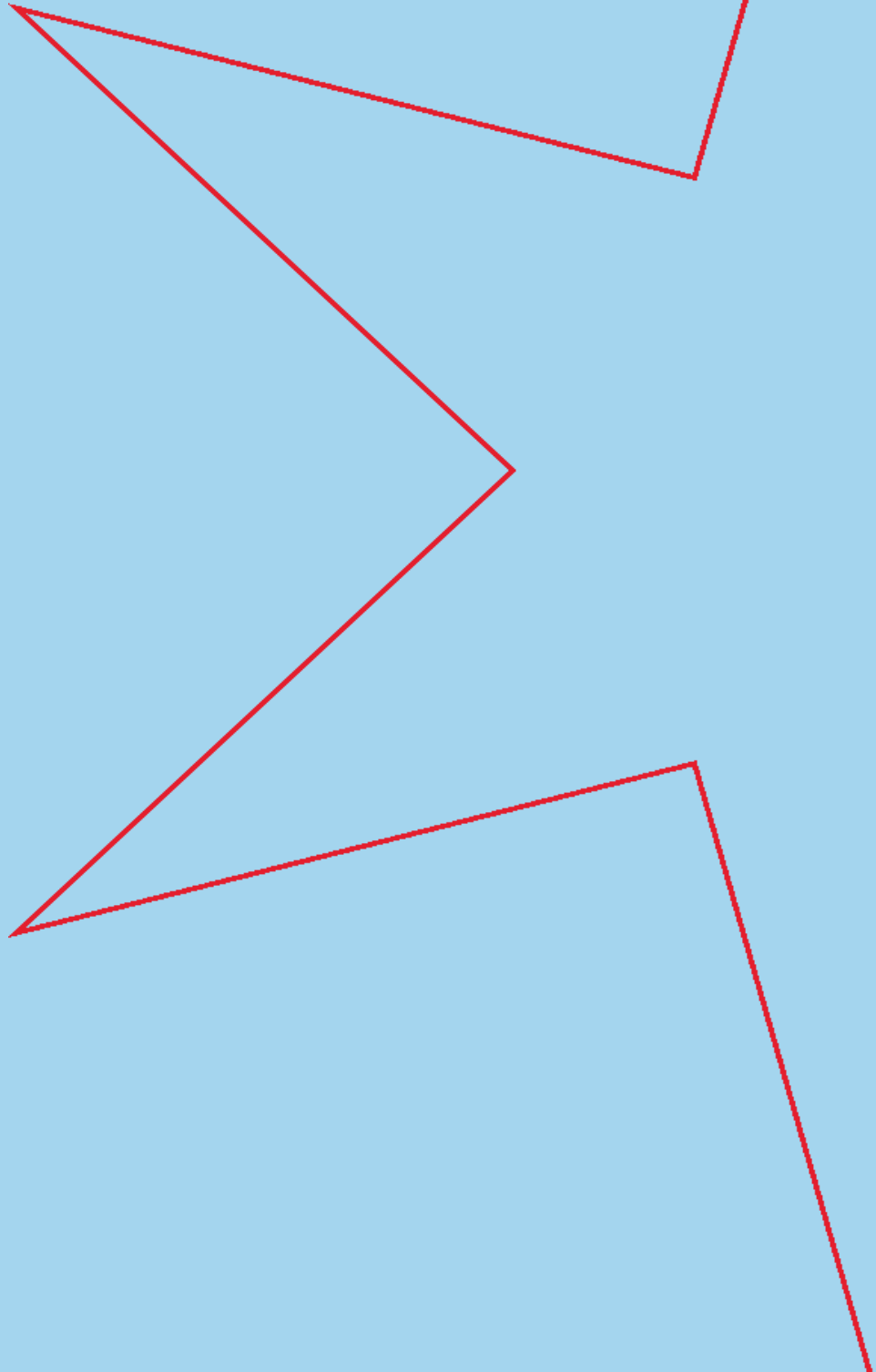
Pursuant to Section 10 of the Chicago Paid Leave and Paid Sick and Safe Leave Ordinance (O2023-0002980), to create a portable paid time off program that would allow domestic workers to accrue and access paid time off across multiple jobs and employers, the most feasible option is to create and implement a Tracking Tool that records hours worked, manages time-off requests, and calculates each employer's paid time off contribution. While the City of Chicago would need to fund the creation and management of the Tracking Tool, employers would be required to pay their portion of paid time off to the domestic worker when the domestic worker takes time off.

In light of the complexity of the issue addressed in this Report, the Report includes additional recommendations to ensure domestic workers can secure their right to paid time off, including additional funding to provide tailored education and outreach to employers and domestic workers and enhanced data collection. Lastly, this report recommends the exploration of a state-managed benefits program for independent contractors in Illinois.

OLS and the Mayor's Office look forward to continued collaboration with all stakeholders, including Working Group members, to protect and support this vulnerable yet critical workforce.



APPENDIX



APPENDICES

Appendix A-Working Group Meeting Schedule

The working group met in September, November and December of 2024 and February, April and May of 2025. The working-group meetings were hybrid in nature, and each lasted between 1.5 and 2 hours. The group discussed the challenges domestic workers face in accessing paid time off and recommendations for a portable paid time off systems that could be implemented by the City of Chicago. Throughout this process, the working group discussed survey results from domestic workers on benefits, a global literature review on the economic costs and benefits of sick leave, and various portable paid leave models.

Portable Paid Leave Working Group Meeting Schedule

Day	Date	Time
Monday	30-Sep-24	11:00am-12:00pm
Monday	18-Nov-24	01:30pm-03:00pm
Tuesday	16-Dec-24	01:30pm-03:00pm
Monday	10-Feb-25	10:00am-11:30am
Tuesday	15-Apr-25	11:00am-01:00pm
Thursday	15-May-25	10:30am-12:00pm



Appendix B—OLS Domestic Worker Demographics and Population Methodology

1st Series=Economic Policy Institute (EPI) Methodology

OLS Reproduction of the Economic Policy Institute's (EPI) Methodology

By Jennifer Sanchez-Program Analyst-City of Chicago-Office of Labor Standards

The data utilized to make estimates in this Report is sourced from the EPI's Current Population Survey (CPS) Extracts, specifically the basic monthly microdata (EPI, EPI Microdata Extracts, 2025). The CPS is a monthly labor force survey of U.S. households conducted by the U.S. Census Bureau and the U.S. Bureau of Labor Statistics (BLS). To estimate the population and demographics of domestic workers in the Chicago Metropolitan Area (Chicago-Naperville-Elgin), the methodology from the EPI's *Domestic Workers Chartbook 2022* was reproduced (EPI, EPI Microdata Extracts, 2025).

In the analysis for population, several years of CPS basic monthly microdata (2010-2023) were pooled to ensure a sufficient sample size. Due to the inability to isolate domestic workers specifically to Cook County or Chicago, the analysis was limited to domestic workers in the Chicago Metropolitan Area. The focus was reached by filtering based on state, region, and Federal Information Processing System (FIPS) metropolitan area codes (FCC, 2025). Domestic worker occupations were defined in accordance with the criteria outlined in the EPI's *Domestic Workers Chartbook 2022*:

- **House cleaners:** In occupation "Maids and housekeeping cleaners" (occupation code 4230) and in the "Private households" industry (industry code 9290).
- **Nannies:** In occupation "Childcare workers" (occupation code 4600) and in either the "Private households" or "Employment services" industry (industry code 9290 or 7580).
- **Providers of childcare in their own home:** In occupation "Childcare workers" (occupation code 4600), in the "Child day care services" industry (industry code 8470), and who are self-employed and unincorporated.
- **Non-agency-based home care aides [(a) or (b)]:**
 - a. In occupation "Nursing, psychiatric, and home health aides" (occupation code 3600) and in the "Private households" industry (industry code 9290)
 - b. In occupation "Personal and home care aides" (occupation code 4610) and in either the "Private households" or "Employment services" industry (industry code 9290 or 7580).
- **Agency-based home care aides [(a) or (b)]:**
 - a. In the occupation "Nursing, psychiatric, and home health aides" (occupation code 3600) and in either the "Home health care services" or "Individual and family services" industry (industry code 8170 or 8370).
 - b. In the occupation "Personal and home care aides" (occupation code 4610) and in either the "Home health care services" or the "Individual and family services" industry (industry code 8170 or 8370).

Beginning in 2020, the occupations "Nursing, psychiatric, and home health aides" and "Personal and home care aides" (occupation codes 3600 and 4610) are no longer available under the

occupation variable *occcode*. Therefore, the *occ18* variable sought to redefine the two occupations as closely as possible to the original definitions. The two revised occupations are redefined as “Home health aides, Nursing assistants, and Orderlies and psychiatric aides” (occupation codes 3601, 3603, 3605) and “Personal care aides” (occupation code 3602).

To prevent double counting, a unique identifier was created for each individual in the microdata by combining the following variables: *statefips*, *hhid*, *hrsersuf*, *hrsampl*, and *pulineno* (state, household identifier, household serial suffix, and person line number within household). This identifier ensured that each individual was counted only once per month. Any duplicate records were identified and removed from the dataset in the data preparation process.

For the demographic analysis, three years of CPS basic monthly microdata (2021-2023) were pooled. Since the CPS asks the participants about their race and ethnicity, the EPI created five categories: white (non-Hispanic), Black (non-Hispanic), Hispanic (any race), Asian and American Pacific Islander (non-Hispanic), and “other.” All the participants in our sample are workers aged 16+. Full-time workers, the employment status figures represent those who have worked ≥ 35 hours per week in their primary job.

2nd Series—Economic Policy Institute (EPI) and IPUMS Methodology

Domestic Worker Population and Demographic Calculation Methodologies

By Jalen Irons-Program Analyst-City of Chicago-Office of Labor Standards

1.0 Population

The data used was taken from the Economic Policy Institute’s EPI basic monthly microdata extracts (EPI, 2025). The population figures were gathered by first filtering the data set to only include domestic workers. Domestic workers are defined as:

- **House cleaners:**
 - Census Occupation: “Maids and housekeeping cleaners”
 - Census Industry: “Private household”
- **Nannies:**
 - Census Occupation: “Childcare workers”
 - Census Industry: “Private household” OR “Employment services”
- **Providers of childcare in their own home:**
 - Census Occupation: “Childcare workers”
 - Census Industry: “Child day care services”
 - Self-employed and unincorporated
- **Home care aides:**
 - **Non-agency-based home care aides [(a) or (b)]:**
 - a)
 - Census Occupation: “Nursing, psychiatric, and home health aides”
 - Census Industry: “Private household”
 - b)
 - Census Occupation: “Personal and home care aides”



- Census Industry: “Private household” OR “Employment services”
- **Agency-based home care aides [(a) or (b)]:**
 - a)
 - Census Occupation: “Nursing, psychiatric, and home health aides”
 - Census Industry: “Home health care services” OR “Individual and family services”
 - b)
 - Census Occupation: “Personal and home care aides”
 - Census Industry: “Home health care services” OR “Individual and family services”

Domestic worker occupations have their own unique industry and occupation codes. The industry and occupation codes are also viable to change every year.

The EPI data was then filtered to only include workers that worked in the Chicago Metropolitan Area (Chicago-Naperville-Elgin). The microdata extracts did not have sufficient samples to drill down further into the Cook County or Chicago levels.

The EPI population numbers are based on 10 years' worth of pooled data. For example, 2021 population value pools the data from the years 2012 to 2021. The pooling was done by first calculating the mean number of domestic workers for each month in the individual years that were pooled. Then the mean number of domestic workers in those 12 months was calculated and used to represent the domestic worker population for that given year. Then the mean domestic worker population for all years was calculated and used as the population value for the 10-year pooled data.

2.0 Demographics

The demographic data was sourced from the Integrated Public Use Microdata Series (IPUMS) Current Population Survey (CPS), Annual Social Economic (ASEC) cross-sectional dataset (Floodd et al, 2025). The IPUMS data set offers a more complete view on the demographics of a population and contains replicate weights, which allows for there to be more confidence in calculations for the selected demographics.

Domestic workers were defined as:

- **House cleaners:**
 - Census Occupation: “Maids and housekeeping cleaners”
 - Census Industry: “Private household”
- **Nannies:**
 - Census Occupation: “Childcare workers”
 - Census Industry: “Private household” OR “Employment services”
- **Providers of childcare in their own home:**
 - Census Occupation: “Childcare workers”
 - Census Industry: “Child day care services”
 - Self-employed and unincorporated

- **Home care aides:**
 - **Non-agency-based home care aides [(a) or (b)]:**
 - a)
 - Census Occupation: “Nursing, psychiatric, and home health aides”
 - Census Industry: “Private household”
 - b)
 - Census Occupation: “Personal and home care aides”
 - Census Industry: “Private household” OR “Employment services”
 - **Agency-based home care aides [(a) or (b)]:**
 - a)
 - Census Occupation: “Nursing, psychiatric, and home health aides”
 - Census Industry: “Home health care services” OR “Individual and family services”
 - b)
 - Census Occupation: “Personal and home care aides”
 - Census Industry: “Home health care services” OR “Individual and family services”

The IPUMS data then was filtered for domestic workers that lived in the Chicago Metropolitan Area. The demographics were calculated using data pooled from 2021 to 2023 to ensure a sufficient sample size. The pooling was done by using the replicate weights to count the number of domestic workers in a demographic for each year in 2021 to 2023. Then the mean value for the years 2021 to 2023 was calculated and used as the pooled value for the count of domestic workers.



Appendix C–Discussions with Employers of Domestic Workers and Domestic Workers

Employers of Domestic Workers

MO and OLS in coordination with working group members, extended an invitation to employers of domestic workers to participate in a focus group. The purpose of the focus groups was to gather a snapshot of current conditions in the industry, as well as feedback on the various models that the working group explored.

The focus groups discussed the following:

- Many employers do not think of themselves as a traditional employer;
- There are safety, privacy, and trust issues which exist for both employers and domestic workers;
- Employers have difficulties navigating and learning about their responsibilities, such as writing contracts, tax reporting, tax liabilities, and providing paid time off;
- Benefits of government providing outreach and education to employers of domestic workers; and
- Importance of employers having a seat at the table as protections are expanded.

Domestic Workers

MO and OLS reached out to ARISE Chicago to facilitate a focus group with their domestic worker members to gather information on current working conditions in the industry, and feedback on the various models presented in this Report.

The focus group discussed the following information:

- Domestic workers have a fear of retaliation, including job loss, this is particularly true for immigrant workers (whether or not they have valid work permits);
- Domestic Workers feel that their work is expendable as an employer can hire someone else that will work for less, this plays a factor into domestic workers lacking the tools necessary to approach and negotiate with multiple employers; and
- there is an underlying distrust of providing information to any government entity in the current political climate.

With regards to the models presented in this Report the domestic workers showed a preference for a government-funded and implemented model as it removes employer involvement and by extension the possibility of retaliation and the need to ensure employer participation.

Appendix D-2022 IEL Chicago Domestic Workers Survey and Focus Group Findings

In 2022, IEL, in partnership with the City of Chicago, conducted a survey of workers and focus groups about existing benefits, benefit preferences, and the willingness to make monetary contributions to access benefitsⁱⁱ. The City was interested in learning more about non-traditional workers and their employers. The survey came out of a need to support care economy workers, such as domestic workers and other non-traditional workers. The collected information was intended to inform the development of a portable benefits plan that could fill gaps in the social safety net for non-traditional workers.

The survey was distributed to a broad set of non-traditional workers, including domestic workers, working in Chicago. 732 participants responded, 262 of which self-classified as domestic workers. All participants worked for someone in the city of Chicago. The survey revealed that only about a third of domestic worker respondents had a written contract with their employer. Of the respondents who did domestic work, over 75% indicated that they worked less than full time hours. A little over 24% of domestic worker respondents received paid sick leave and a little over 14% received paid vacation time as a part of their work-agreement with their employer. Survey results showed that domestic worker respondents were most interested in paid leave, health insurance, life insurance, and worker's compensation. Around 40% of domestic worker respondents indicated that they were interested in paid leave and around 38% were interested in health insurance. When asked about their willingness to contribute money towards benefits, most domestic worker respondents were willing to pay up to \$25 per monthⁱⁱⁱ.

IEL administered six focus groups of domestic workers associated with the Arise Chicago, AFIRE, and Latino Union of Chicago workers centers. Participants were asked about their work, access to benefits, and financial needs. Participants had the most interest in paid leave, health insurance, life insurance, and worker's compensation. Participants also shared a strong interest in retirement savings. The focus group discussions highlighted specific issues that workers face in obtaining and accessing various types of benefits.

The six focus groups included almost 45 participants, some participants received health insurance and paid leave through their employer but only five had health insurance, two had access to paid leave, and three had life insurance. Participants were not required to answer all of the questions, as such the focus groups did not provide information on the percentage of participants who did not have access to benefits. Despite a few people having benefits, the conclusion of the focus groups was that most participants did not have benefits. Some participants who worked for cleaning-service agencies stated that in order to receive benefits, they must work forty hours per month for a particular client, which isn't possible due to the nature of their work. The subset of participants that worked for cleaning-service agencies typically worked for a specific client once a month or every fifteen days, but never enough to reach forty hours, making it impossible to qualify for benefits from their employer.



The most referenced reason for not having access to benefits was citizenship status or lack of a social security number. Participants emphasized how difficult it can be for an undocumented worker to receive medical services or to support themselves in retirement. Participants also stated that many don't have benefits as a result of a lack of information on how to acquire benefits or not being eligible to receive benefits through their employer.

When asked which benefits are the most important, participants overwhelmingly said health insurance. Participants considered this a top priority because of how expensive health care is out of pocket and the lack of paid sick leave. Most participants in these focus groups reported not having paid sick leave which results in out-of-pocket expenses for doctor's visits, medical procedures, and prescription filling. In addition, participants do not get paid for missed work time. Many participants linked their interest in health insurance with their desire for paid sick leave. Not only do workers need medical coverage, but they also need the security of taking time off for medical related issues without loss of pay. Participants also indicated interest in paid vacation to spend time with their family or be able to rest from work.

Participants were given the opportunity to speak openly about how they would contribute to a benefits plan and how they want it to be structured. They suggested structuring contribution in the following ways: a percentage based on income or a specific dollar amount per month, per week, or per pay period. The percentage for contribution ranged from two to ten percent and the dollar amount ranged from twenty to one hundred dollars. For those that suggested a percentage, their reasoning was based on the fact that domestic workers receive low pay, so it is hard to commit to a specific financial amount. Those that gave a dollar amount also seemed to suggest that it should be determined by earnings. Participants had different ideas about how they would want the benefits to be administered and funded. Some suggested that employers, such as agencies, should contribute to their benefits. Another worker suggested that a contract be made between workers and clients in which clients agree to contribute money towards employees' benefits. A worker commented that they would like to see a reasonably priced plan offered by the city. Another worker suggested that benefits should be offered at a discounted price based on how many days a week people work.

Appendix E–Review of Existing Portable Benefit Programs

The Inclusive Economy Lab (IEL) conducted a review of a sample of existing benefits programs administered at the state and federal level that have some form of portability. A Portable benefit is defined as a benefit that is tied to a worker and is not necessarily lost simply because a worker switched jobs (Libby Reder, 2019). The specific programs reviewed include the following:

- Worker’s Compensation
- Social Security retirement benefits
- Paid family leave
- Unemployment insurance
- Disability insurance
- Social Security Disability insurance

These benefit programs can be thought of as insurance against some sort of wage shock such as taking time off due to a family medical emergency or becoming unemployed. The IEL focused on summarizing the primary characteristics of each program that determine funding sources; eligibility; disbursement of benefits and the role of government, employers and private insurers. In this report, we use these criteria to identify the feasibility of different policy proposals to provide portable paid leave and paid sick leave benefits to domestic workers in Chicago. We also use these categories to highlight aspects of each policy program that presently remain unclear and would need to be developed if the city council selects to move forward with the given policy.

Standard sick leave policies implemented at state or local government levels specify the number of hours worked to determine eligibility and accrual rates. From our review of existing policies, programs like paid family and medical leave often require the purchase of private insurance by the employer. Some forms of paid family leave include deductions from employee paychecks to pay for private insurance (NY State, 2020). In the case of sick leave where the accrual rate is lower, most states specify employer funded only.

Across almost all types of benefit programs, state and city governments often play a regulatory role. Implementing a mandate also requires creating a body or medium through which employers and workers can report if benefits are being withheld, issues with a platform that might be implemented to track hours and benefits accrued and resolving cases of fraudulent claims.

Another important feature to consider in the formulation of a portable benefit program is tax reporting requirements. Programs which provide cash assistance have tax reporting requirements (Social Security, Unemployment benefits). Such benefits are often required to be reported by the worker and the employer must provide some form of a tax document to aid with reporting, traditionally along with a standard W-2. In the case of domestic workers, it is unclear what share report earned income through wages. The city as the distributor would need to provide appropriate documentation to recipients for tax reporting.



Most cash assistance programs disburse benefit amounts through direct deposit or checks. A complicating factor of such payments is the necessary collection of personal data on an individual level. For example, the application process for Social Security Disability Insurance collects applicants' social security numbers, date of birth, address, names of medical providers, record of medication taken, lab and test results regarding disability and copy of most recent W-2 (SSA, 2021). This sensitive data needs to be handled carefully through a secure platform often developed by a third party (SSA). Additionally, the demographics of domestic workers might limit program participation if highly sensitive information is required to receive the benefit amount.

Common issues reported from centralized benefit programs in general is misreporting of benefits. In the case of paid sick leave policies, some evidence suggesting small businesses faced high administrative costs to keep track of all employee leave taken, difficulty in reassigning work since employers cannot require workers to find a replacement (Colla). These difficulties are likely to be present in the setting of households as employers of domestic workers. A primary challenge for the setting of domestic workers paid sick leave benefits is calculating and disbursement of benefits across multiple employers. This challenge will also be faced by the regulatory body assigned to ensure benefits are being received.

In order to create a portable paid time off system, that operates similarly to the benefits above, a few things must be considered. A portable paid time off system for domestic workers will need to have established criteria for eligibility such as geographic location of work, hours worked, or the type of employment (Libby Reder, 2019). In the case of domestic workers, it will be necessary to outline which domestic workers will have access to portable paid time off. A major factor to consider for this program is funding. All of the benefits listed above have a funding source and are set up for continuous funding. A feasible funding source will need to be identified in order to create portable paid time off. Another key consideration for a portable paid time off system is how the program will be administered and who is responsible for administration. Administration of the program will be ongoing and require funding, staffing and training, and potentially the creation of a new system to distribute portable paid time off.

Appendix F—Economic Framework of Benefit Mandates

Historically, economists have viewed mandated benefits as functioning similarly as disguised (or “hidden”) taxes, so that the labor market implications can be thought of as similar to general taxes on employers. Specifically, Summers argues that mandates address the concern of adverse selection, since all companies are required to provide such benefits there is no differential preference for a firm from, say, more sickness-prone individuals based on benefits alone (Summers, 1989). Summers also addresses the argument that mandates traditionally function similarly to a general government tax. He highlights that in the case of fringe benefits, mandates through employers allow employers to tailor benefits to the specific set of workers. Summers’ primary conceptual argument is that the economic incidence (i.e., “who ultimately pays” for the mandated benefit) depends on how employees value the specific benefits. Summers uses a textbook supply and demand analysis to show that a mandate for sick leave benefits may decrease an employer’s demand for workers if workers do not value the benefit. However, if the employees value the benefit (at a similar or greater level than its cost) they will be willing to work at lower wages, resulting in a new equilibrium. On the contrary, if workers undervalue the fringe benefits relative to the cost, wages as well as employment would theoretically decrease. Evidence discussed above also suggests that we do not actually see a significant reduction in wages or employment following sick leave provisions suggesting that workers are valuing such benefits. The lack of a reduction in wages could be due to “sticky wages” and workers’ reluctance to take wage cuts or could reflect a lack of statistical power in the research.

Additionally, Summers compares employer provision of benefits through mandates with tax-funded public provision. Employer benefit provision can potentially reduce the financial costs (and deadweight loss) traditionally associated with tax-financed benefits. If benefits are publicly provided, everyone is taxed. For workers who have low value for such benefits, the mandate functions similarly to a tax, but if all workers value the benefits, then an employer mandate may be more efficient than a general tax on employers (to finance the benefit).



Appendix G–Cost Benefits of Sick Leave Mandates

IEL conducted a review of existing academic research on the economic costs and benefits of implementing sick leave mandates. The literature review was conducted to gather evidence on the importance of sick leave specifically as it relates to domestic workers. Most literature on general sick pay mandates focus on the impact of mandates on presenteeism (coming into work when sick), how many workers are now covered by some type of sick leave policy, how many workers use paid sick leave, how many workers use unpaid sick leave, and the overall reports of flu at the country level (to measure spillovers through contagious diseases). Existing research looks at county or state level data on either job-firm specific reported sick leave days or general compensation data to track the sick leave taken. Very little work focuses on specific types of industries or firms, particularly in the United States. Using National Compensation Survey data, the literature review revealed that 44-49% of low-wage workers do not have access to any form of paid sick leave (Pichler, 2024).

Paid sick leave can be conceptualized as an insurance that provides compensation to workers when they need to take time off (Pichler, 2024). A primary benefit of sick leave benefits is the evidence pointing to a reduction in contagious presenteeism (Pichler S. W., 2021) (Pichler S. &, 2024) (Pichler S. &, The pros and cons of sick pay schemes: Testing for contagious presenteeism and noncontagious absenteeism behavior., 2019) .

Economists characterize the main economic costs of sick leave mandates as shirking behavior from workers and the dollar cost of sick leave wages. Costs to sick pay mandates can be thought of in two ways: (1) the financial cost to fund sick leave mandates, the burden of which may be on the employer, the employee, or the government; and (2) the cost of the moral hazard felt by the employer in the form of workers ‘exploiting’ their sick leave days. Evidence in the United States suggests that exploitation or improper use of sick leave days is not common (Cronin, 2022). This is likely because in general workers have a low balance available and workers undergo long accrual process to accumulate sick leave days (Maclean, 2020). Economists have also tried to estimate the increase in labor cost following a mandate by tracking hourly paid and unpaid leave along with labor costs from the National Compensation Survey and U.S. Bureau of Labor Statistics (Maclean, 2020) (Pichler S. &, Labor Market Effects of U.S. Sick Pay Mandates, 2020). Empirical analysis shows the trend of unpaid sick leave taken following the mandate characterized by short term increase in paid leave, then a decline and eventually a plateau at around the pre-mandate level. The authors of these studies argue that this pattern likely reflects the fact that all of the 13 state mandates had an accrual period for leave hours as well as a minimum wait period before paid leave could be taken (usually 90 days). Until sufficient paid sick leave hours are accrued, workers use unpaid leave. The use of unpaid sick leave which is then supplemented by paid sick leave is further evidence that sick leave is taken, when necessary, even at the cost of wages for employees. This corroborates previous hypotheses by the authors that shirking is less of a concern when there are limited sick days.

Another argument made against sick pay mandates is a worker cost in the form of decreased wages and employment levels to adjust for an increase in the labor cost, assuming the labor

market readjusts (Summers L. H., 1989). Using wages and hours accrued, economists estimate a rough wage increase of 3.3% for full-time employees (an approximate cost of \$0.32 per hour worked according to survey of National Compensation Survey (NCS) data from Pichler & Ziebarth (2024), subject to assumptions mentioned above. NCS represents 97% of all civilian employment. Pichler & Ziebarth (2020) use the Quarterly Census of Employment and Wages, which is a data set containing average weekly wage per quarter and counts of filled jobs to determine employment level.

Academic studies also describe sick leave mandates as having the positive effect of reducing spread of infectious diseases in centralized communities. Two papers by Pichler & Ziebarth - as well as a number of others - use the staggered adoption of state and city sick leave mandates to conduct classic difference-in-difference and two-way fixed effects models to estimate the causal impact of sick leave mandates on reported influenza-like illnesses (ILI). ILI cases are seen to decrease by 6-11% the year following a mandate. This estimate is restricted to extreme cases of ILI resulting in hospitalization, likely underestimating the overall decrease in illnesses.

Lastly, the academic literature in general discusses the economic framework of imposing mandates on employers (Summers L. H., 1989). Summers argues that benefit mandates do not decrease the supply of labor if workers value the benefit provided. The discussion above does provide empirical evidence that paid sick leave benefits are valued through an increase in sick days taken.

Appendix H-Non-linear U-Shaped Dynamic Effect of Sick Leave

As discussed in the Maclean, Pichler and Ziebarth (2020) cited above, when workers are provided with paid sick leave following an accrual process changes in unpaid sick leave hours follows an inverse U-shape as seen in Figure 1 below. The graph – taken directly from the aforementioned paper – plots the effect of state-level sick leave mandates on unpaid sick hours taken against years relative to the mandate. In the figure, we see that immediately after the mandate for sick leave is implemented, the number of unpaid sick leave hours taken increases. This level remains constant for a short period of time and then decreases. This decrease is associated with workers being now able to take paid sick leave, hence resulting in an inverse U-shape.

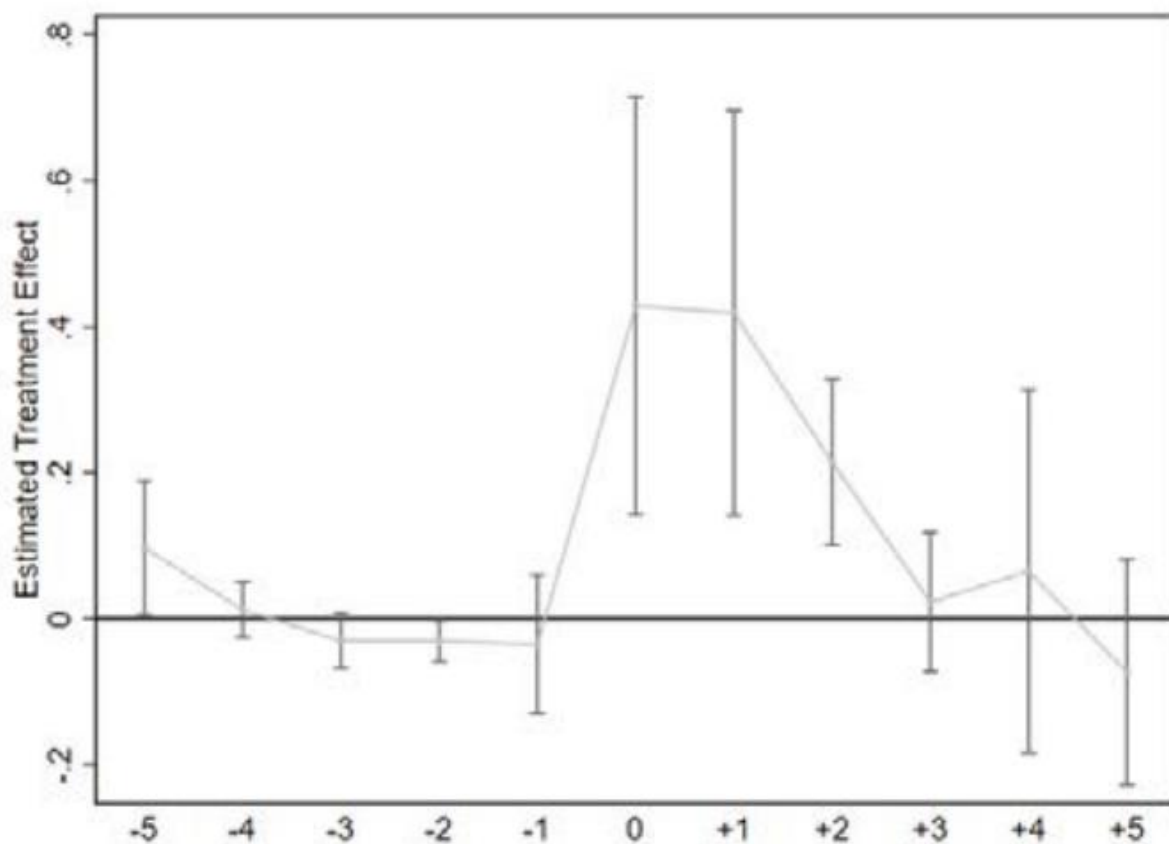


Figure 1. Trends in unpaid sick leave hours taken following paid sick leave mandate (Maclean, Pichler and Ziebarth; 2020)

Appendix I-Illinois Domestic Workers Coalition Income Insurance Full Proposal

Proposal for the City of Chicago Domestic Workers Portable Paid Leave and Paid Sick Leave Working Group Illinois Domestic Worker Coalition

May 21, 2025

Introduction

The movement to require paid leave through the law, including paid leave and paid sick leave, was intended to address the inequities in the labor market between high-paid, full-time jobs for higher educated workers, disproportionately held by white, male workers, and low-paid, often part-time, jobs, like those in the service sectors, disproportionately held by women and people of color. This disparity not only in pay but in benefits harms workers and their families, and by extension, our society as a whole. Providing meaningful access to such benefits should be a priority for the City of Chicago. Knowing that the City ordinance in its current form does not do so for workers who have multiple employers and/or who cannot for a variety of reasons, including their immigration status, easily ask their employers to comply with the ordinance, it is incumbent on the City to address this issue and create an income insurance program for domestic workers.

The Need

- Domestic workers, specifically the many who work for multiple employers, and whose work is not steady or predictable, need meaningful access to the paid leave and paid sick leave benefits of the Chicago Ordinance.
- Domestic workers should not be responsible for managing their paid leave and paid sick leave days.
 - Like other workers, domestic workers are entitled to paid time off assuming that they meet the requirements of the Chicago paid leave and paid sick leave ordinance.
 - Many domestic workers have multiple employers and work unreliable hours. Some domestic workers work for up to 5, 10, 15 or even more employers, others are changing employers 2 or more times per year due to expiration of their service (ex. nannies for infant assistance, end-of-life caregivers, emergency replacement care workers).
 - For most workers, their employer is required to track, calculate, and pay for both paid leave and paid sick leave. While a worker can seek to enforce the law if the employer is out of compliance, it is not the worker's responsibility to figure out how to implement the law.
 - Similarly, domestic workers should not bear the responsibility of ensuring that their employers comply with the law.



- The primary challenge is the difficulty in coordination when a domestic worker may perform services for more than one employer, often 5, 10, 15, or even more employers.
- Due to the exacerbated power imbalance inherent to domestic work, employers cannot be counted on to voluntarily comply with employment laws, and for the same reason, domestic workers are seldom willing to file complaints or lawsuits to enforce their rights. As a result, most domestic workers will not be able to take advantage of paid leave or paid sick leave. This outcome is unacceptable.

Other Jurisdictions

- Two cities, Philadelphia and San Francisco, have passed portable benefits ordinances for domestic workers, which expand the existing paid sick laws. Because these ordinances are tied to the existing city employment laws, advocates and city officials continue to explore the appropriate technological tools that will both satisfy enforcement requirements and incentivize workers and employers to use the platforms. Even when a platform is up and running in these two cities, those systems will continue to face implementation challenges due to ongoing fear of retaliation by workers and employers' reluctance to pay workers as their employees. Alternative policy efforts in Philadelphia & San Francisco, are incomplete and present challenges that do not lend themselves to adaptation for Chicago.
- Because these models do not address the needs for Chicago workers, our Coalition proposes an alternative policy solution.

Guiding Principles

The Coalition takes inspiration from CLJE Principles for benefits programs: (Economy, 2025):

- Available and inclusive
- Center workers
- Equitable
- Meaningful
- Portable
- Easy to access
- Include worker protections
- Sustainability and fairly funded
- Pooled, not individually financed

The Solution: Income Insurance Program

- Coalition proposes that the City enact an income insurance program to ensure that paid leave and paid sick leave are fully accessible.
- Domestic workers will receive money to replace income when they cannot work or are not allowed to work for any reason, including for their own vacation, illness, injuries, caregiving responsibilities, or reasons attributable to the employer, such as the employer being out of town.
- The City will fund and administer the program.
- Eligible workers will receive a direct cash payment.
- Eligible workers will receive 80 hours (10 days) as they would under Chicago paid leave and paid sick leave ordinance.
- After workers apply and are found eligible for the program, they will receive a front-loaded payout for a total of 10 days of paid leave and paid sick leave, one time per year.
- Workers do not accrue or earn hours.
- Each payment will be in the amount of the average weekly wage of all Illinois workers (SAWW) on January 1 of the year that payment is made, multiplied by 80 hours. The income insurance program is a benefit, not wages for employment. Nevertheless, the SAWW is a useful guidepost. The SAWW is adjusted every 6 months so that it is the most accurate measurement of what people are earning. As of January 2025, the SAWW is \$36.31 per hour, which would mean a total payment of \$2,905 for that year. The payment needs to be substantial in order to attract domestic workers to the program and to make a real, positive impact in their lives.
- An annual enrollment/re-enrollment will occur annually, and workers will be required to reapply each year.
- The City will define which period constitutes a year (whether it be a calendar or financial year).
- Eligible workers must perform domestic work or reside in the City of Chicago and must self-declare themselves as domestic workers to the City of Chicago.
- For workers who reside outside of the City of Chicago, eligible workers are those who, in any particular 2-week period, perform at least 2 hours of work for an employer while physically present within the geographic boundaries of the City. This single qualifying requirement is simplest from an administrative standpoint.
- Domestic workers who access the full 10-day paid sick/leave and paid sick leave equivalent benefit from their employers under the ordinance and are able to use all the time available from one or more employers will not be eligible for the income insurance program.



Income Insurance is Beneficial to all Stakeholders

- Workers
 - Universal access: benefits all domestic workers.
 - Simple access: domestic workers can use the benefit right away; there is no accrual process.
 - Worker-led: domestic workers have expressed their interest via the advocate representatives and directly to the City via surveys and focus groups.
 - Employers
 - No burden to employers: no tracking of hours or other administrative burdens for employers, many of whom are administratively challenged.
- The City of Chicago
 - Simple process that avoids complicated tax and legal questions presented by other jurisdictions' policies.
 - Stabilizing primary and secondary workforces, investment in workforce infrastructure.
 - Raises standards for this segment of the sector and could provide upward pressure on other segments of the sector.

Addresses Worker Shortages

- It is in the City's self-interest, including economic, to invest in the domestic work sector now in order to avoid a domestic worker shortage and its resulting economic strains and instability in other labor markets in the future.
- "Nearly 1.1 million parents reported facing childcare-related work disruptions in 2023, an increase of 19 percent from pre-pandemic levels" (Bhattarai, 2024) (BERGSON-SHILCOCK, 2025)
- Care work is predicted to be the fastest growing occupation within the healthcare field. (Statistic, 2022) (Gleckman, 2014) (Freedman, 2019) (Vespa, 2020)
- Care jobs support the overall economy and make all other work possible (Kos, 2022) (Witters, 2011).
- Investing in a direct care workforce is crucial to address labor shortage across the economy (Organization, 2022).
- Low pay is driving the care workforce shortage. Workers leaving their jobs because of poor pay and working conditions (Ruffini, 2020).
- Experts economists have projected that investment in Direct Care Jobs will boost labor force participation (Progress, 2021).

Why Domestic Workers?

- Recognizing the strategic value of investing in the domestic work sector, the City has set precedent for making special policy provisions for the domestic worker workforce:
 - As part of the Chi Biz Strong policy, the City introduced the right to a written contract for domestic workers, to which no other private sector workforce is entitled by law.
 - The City also eliminated the sub-minimum wage for domestic workers, while other jurisdictions, including the federal government, exclude domestic workers from many such employment laws.
 - The City includes domestic workers who are independent contractors, while other jurisdictions typically exclude such workers from employment protections and benefits.
- For these reasons and more, the Coalition maintains that it is justified to create a specialized income insurance provision for domestic workers.

Why a public fund?

- As noted earlier, the informal relationship with employers and the absence of co-workers exacerbate the inherent unequal power dynamic between domestic workers and employers, making it nearly impossible for them to assert their right to paid leave and paid sick leave.
- From an implementation standpoint, a public mandate for employers won't result in domestic workers getting paid leave or paid sick leave.
- Domestic work is a form of socio-economic infrastructure, a public good, the work that makes all work possible.
- In the absence of other public programs (like universal publicly financed childcare and healthcare), this public investment becomes all the more important.
- There is a precedent for Chicago public investment in domestic workers (COVID relief fund, UBI fund).
- There is a cost to the City whether or not the City enforces the ordinance on behalf of workers, or if workers do not file complaints to enforce their rights. The reluctance of workers to assert their rights is a cost not only to themselves and their families, but to the strength of the Chicago workforce and the vibrancy of the City.
- The public fund will help to stabilize the domestic worker workforce, keeping domestic workers in their jobs while supporting the work of others.

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ⁱ Direct care workers are individuals who assist aging adults and people with disabilities with daily tasks.

ⁱⁱ When the survey was distributed by IEL, the Chicago Paid Leave and Paid Sick and Safe Leave Ordinance had not yet passed.

ⁱⁱⁱ Paid Leave in Appendix D is defined as "Paid leave You get paid for going to work, but you're able to stay home or go to the doctor. You accumulate time once you've saved the correct amount of money in your account."