August 25, 2026

Illinois Employers Take Note: Key Employment Law Changes Taking Effect in 2027

Alec Cerqueira

Human Resources & Employment

Illinois employers face two fairly significant changes to state employment law beginning January 1, 2027. New legislation will require many employers to pay employees for time spent serving on jury duty, and a separate enactment will revive disparate impact liability under the Illinois Human Rights Act at a time when federal enforcement of that theory has receded.

Both changes carry immediate practical consequences for employer pay practices, hiring criteria, and handbook policies, and employers should begin reviewing those policies now.

Paid Jury Duty

Governor Pritzker recently signed into law House Bill 4844, which makes material changes to how employers must treat an employee's absence related to jury duty.

Effective January 1, 2027, employers with over 25 employees will be required to compensate an employee at their regular rate of pay for time serving on jury duty. This is a significant departure from the statute's prior language, which did not obligate employers to compensate an employee for time taken off for jury duty.

This change is part of the state's concerted effort to expand protections and rights of Illinois employees and follows the trend of jury duty compensation seen in other states, such as Colorado, Massachusetts, and New York.

Disparate Impact Liability Is Back

The state has also passed Senate Bill 3777, the Civil Rights Safeguard Act (the Act), which amends the Illinois Human Rights Act (IHRA) to codify the potential for "disparate impact" liability in Illinois.

Disparate impact liability arises when an employer's facially neutral policy or practice disproportionately affects members of a protected group, even absent discriminatory intent (for example, a requirement that all applicants for a position must have a college degree).

Disparate impact liability has been a key theory used by employees to establish employer liability under Title VII of the Civil Rights Act of 1964 since the United States Supreme Court adopted the framework in *Griggs v. Duke Power Co*. However, it has fallen out of favor with the current administration, and the EEOC is now declining to investigate charges raising allegations of disparate impact discrimination.

Effective January 1, 2027, the Act provides that it will be a civil rights violation for employers, employment agencies, and labor organizations to use any "criteria or methods" that have "the effect of subjecting individuals to unlawful discrimination" based on a protected characteristic, citizenship status, family responsibilities, work authorization status, arrest record, or conviction record."

The Act establishes liability if the criteria or methods are not “necessary to achieve a substantial, legitimate, nondiscriminatory interest” or if the substantial, legitimate, nondiscriminatory interest could be served by another practice that has a less discriminatory effect.

What Should Employers Do?

These developments mark a natural time for employers to review their existing policies and handbooks to ensure compliance with the changes. Please do not hesitate to contact any of the attorneys in Gould Ratner’s Human Resources and Employment Law Practice to discuss the impact of these new laws on your business and to conduct an audit of your business’s policies or handbook.