

## Philly Law Initiates New Era Of Worker Protections

By **Eric Kim and Sydney Baxter** (June 13, 2025, 10:38 AM EDT)

The Philadelphia City Council unanimously passed the Protect Our Workers, Enforce Rights, or POWER, Act on May 8, and the bill was signed by Mayor Cherelle Parker on May 27. It became effective immediately, setting a new standard for worker protections for more than 750,000 workers in Philadelphia.

Applicable to all employers operating within the city's geographic boundaries, the act introduces stringent measures to prevent retaliation against employees who assert their rights and empowers the Office of Worker Protections, or OWP, to enforce compliance with local worker protection laws by imposing steeper financial penalties on noncompliant employers.



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### **New Measures**

The POWER Act amended several local employment laws with several significant measures aimed at bolstering workers' rights.

### ***Retaliation Protections***

The act makes it unlawful for employers to retaliate against employees who exercise their rights under the law. This includes protections against adverse actions such as termination, demotion or any form of discrimination.



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Notably, there is a rebuttable presumption of unlawful retaliation if the adverse action occurs within 90 days of the employee filing a complaint, cooperating with the Philadelphia Department of Labor's OWP, opposing any policy or practice that is unlawful under the act, or informing any person about their employer's alleged violations of the act.

### ***Compensation***

The act allows workers to receive direct financial compensation when their rights are infringed, a notable departure from previous practices where penalties were directed solely to the city.

### ***Strengthened Department of Labor***

The act empowers the OWP to conduct more thorough and proactive workplace investigations and to

hold employers accountable for violations of local employment laws, such as the Paid Sick Leave Ordinance and Domestic Workers Bill of Rights. The act also permits the city to suspend or revoke business licenses and city procurement contracts of employers with repeated violations, and mandates the creation of a "bad actors database" to publicly list employers with three or more infractions.

### ***Private Enforcement Actions***

The act provides employees a private right of action to bring civil lawsuits against their employers for violations of local employment laws, without having to first exhaust their administrative remedies with an enforcement agency. Employees must provide employers with written notice of an alleged violation and allow 15 days to remedy the harm before filing suit, unless the claim is for willful misconduct or retaliation.

### ***Immigrant Worker Protections***

The act authorizes the OWP to certify applications and submit statements of interest on behalf of immigrant workers, including those subject to unlawful retaliation, who may be eligible for a U visa or T visa under the Victims of Trafficking and Violence Protection Act or for the deferred action program under Title 6 of the U.S. Code, Section 202(5), and Title 8 of the U.S. Code, Section 1103.

### ***Sick Pay***

For tipped workers, the act raises the hourly rate for paid sick leave under the existing Paid Sick Leave Ordinance. The hourly rate for paid sick time is calculated by taking the numerical average of the hourly wage for bartenders, waiters and waitresses, and dining room and cafeteria attendants and bartender helpers, as defined under the standard occupational classification code and as published for Philadelphia County by the Pennsylvania DOL.

### ***Strict Record Keeping Requirements***

The act requires employers to create and maintain contemporaneous, true and accurate records of hours worked and hours of sick time taken by employees. These records need to be maintained for three years, and must be available for inspection by the OWP upon request.

Notably, the act states that if an employer fails to keep adequate records of hours worked or compensation provided, and employees can satisfy their burden of proof to support a wage theft complaint with evidence such as text message, emails, other written communications, photographs, location data, and written or oral statements made by the complainant. The latter suggests that allegations could be sufficient to meet this burden of proof, making it more imperative for employers to keep accurate records of hours worked and compensation paid.

### ***Penalties Under the POWER Act***

If the OWP determines that an employer has violated the act, the agency can seek civil penalties of \$2,000 for each violation. The city will create a worker justice fund for fines collected from violations to give back to workers who have suffered economically, physically or emotionally because of retaliation.

Additionally, employees are entitled to liquidated damages equal to the other monetary damages determined to be owed. Employers could also face suspension of business licenses and city procurement

contracts for repeated violations.

### **Implications for Employers**

For employers, the POWER Act aims to introduce a new level of accountability and presents additional risk arising from potential noncompliance with Philadelphia's existing employment and worker protection laws, such as the Paid Sick Leave Ordinance and Domestic Workers Bill of Rights.

To mitigate such risks, employers in Philadelphia should become familiar with the POWER Act's new requirements.

It will be important for employers to audit existing employee policies to confirm compliance with Philadelphia's local employment laws. For tipped employees, employers should adjust existing payroll rates as necessary to ensure that paid sick leave for such employees complies with the new rates required by the act.

Further, employers will need to ensure they are maintaining accurate records of hours worked, sick time taken and payments made to employees.

And lastly, they must consider the POWER Act's rebuttable presumption of retaliation when contemplating potential adverse employment actions that would occur within 90 days of an impacted employee's protected activity.

### **Conclusion**

The POWER Act represents a significant development in Philadelphia's local and employment laws, with far-reaching implications for employers in Philadelphia. With the new private right of action and arguably lowered evidentiary standards provided by the act, employers may face increased civil litigation exposure for noncompliance with Philadelphia's existing worker protection laws amended by the law.

By understanding the act's provisions and proactively addressing potential compliance challenges, employers can avoid penalties, protect their businesses and support their workforce. To that end, employers should also monitor the Philadelphia DOL's website for updated regulations and guidance on compliance with local worker protection laws, as well as an update notice for employees.

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