

Bodman PLC

February 21, 2025

A Legislative Update: Last Minute Bills Amend Michigan's Earned Sick Time Act and Improved Workforce Opportunity Wage Act

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Michigan's Earned Sick Time Act ("ESTA") and Michigan's Improved Workforce Opportunity Wage Act ("IWOWA") become effective today, February 21, 2025. Last minute bills, passed earlier this week and just before midnight last night, substantively amended both ESTA and IWOWA. The Governor is expected to sign these amendments into law in short order.

IWOWA

Effective today, the minimum wage is \$12.48.

Senate Bill 8 amends the Improved Workforce Opportunity Wage Act to have the tipped wage credit will slowly increase from 38% of the minimum wage to 50% of the minimum wage in 2031.

The overall minimum wage will increase slightly faster than the current path for the years 2025, 2026, and 2027, and then be set to inflation.

ESTA

Shortly before midnight last night the Michigan Legislature passed HB 4002, which amends ESTA. The amendment went into effect at 12:02 am today. The following are the key changes:

- Under the accrual method, employees are permitted to carry over up to 72 hours.
- Under the frontload method, if an employer frontloads 72 hours at the beginning of the benefit year, no carryover is required, and the employer is not required to track the amount of paid sick time an employee would have accrued.

- When frontloading to a part-time employee, the employer must provide the part-time employee with a written notice of how many hours the part-time employee is expected to work, the amount of time frontloaded must be proportional to the amount the employee would have accrued under the accrual method, and additional sick time is added if the part-time employee works more than is expected.
- An employer can utilize a general PTO bank to satisfy ESTA. The amendment strikes the requirement that a general PTO policy provide sick time “under the same conditions” as ESTA.
- Sick time is paid at the employee’s normal hourly rate (excluding variance in pay caused by overtime, bonuses, commissions, etc.).
- One-hour increments are permitted.
- No rebuttable presumption of retaliation, and no private right of action.

For employers with collective bargaining agreements (“CBA”), the following provisions apply:

- If an employer’s employees are covered by a collective bargaining agreement as of February 21, 2025, and the collective bargaining agreement conflicts with ESTA, then ESTA applies beginning on the expiration date in the CBA.
- Employers who participate in a multiemployer collective bargaining agreement and contribute to a multiemployer paid sick leave plan are in compliance with ESTA.

The amendment affords all employers 30 additional days to display posters and provide employees with their ESTA-compliant policy.

Please contact any member of [Bodman’s Workplace Law Group](#) if you have questions regarding any of the information provided above. Bodman cannot respond to your questions or receive information from you without establishing an attorney-client relationship and clearing potential conflicts with other clients. Thank you for your patience and understanding.

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