

MEMORANDUM

To: MRA Members
From: Drew Beardslee, Vice President, Government Affairs
Bill Hallan, President and Chief Executive Officer
Tom Clement, Chief Operating Officer and General Counsel
Date: February 21, 2025
Subject: Earned Sick Time Act Update

Introduction – Drew Beardslee, Vice President, Government Affairs:

My name is Drew Beardslee and I am the new Vice President of Government Affairs with Michigan Retailers Association (“MRA”). I come to MRA with over a decade of experience in Michigan politics and most recently focusing on state-level issues across the country for the National Pork Producers Council. It’s a pleasure to return to Lansing full-time to represent Michigan’s retail community. I look forward to working with you!

Earned Sick Time Act:

Late last night, Republicans and Democrats in the Michigan legislature reached a compromise to fix key components of the Earned Sick Time Act, which was set to take effect at midnight. The Senate passed a substitute of HB 4002 around 10:45, and the House concurred in the changes around 11:15, with the bills being presented to the Governor in the middle of the night and signed Friday morning.

The compromise language avoids the worst of the potential negative impacts, providing some safeguards to small businesses, defined in the Act as businesses employing 10 or fewer employees, from the most onerous paid leave requirements. Still, while the legislature softened the blow, there will be downstream consequences of these changes felt by Michigan retail businesses of all sizes. Our team is digesting the changes and assessing the impact, especially as new information becomes available from the Michigan Department of Labor and Economic Opportunity regarding implementation and enforcement.

Michigan Retailers Association remains engaged on this issue and will continue to assess additional changes that could be made in the future as the consequences of this version begin to be felt. The attached graph provides an overview of the changes to the Earned Sick Time Act and should equip you with the knowledge necessary to begin implementation. We will continue to provide information as appropriate along with suggested personnel manual templates that may be useful in the coming days.

Minimum Wage:

In addition to the Earned Sick Time changes, the legislature also passed SB 8, which was tie barred to HB 4002 and pertains to minimum and tipped wage. While tipped wage does not necessarily pertain to all MRA members, SB 8 provides that the minimum wage will increase from the current \$10.57 to \$12.48 on Feb. 21, 2025; \$13.73 on Jan. 1, 2026; \$15 Jan. 1, 2027; and based on inflation in subsequent years. The tipped wage will remain at 38% in 2025, increasing 2% per year until it reaches 50% in 2031.

If you have any questions, please reach out to askusfirst@retailers.com or directly to me at abeardslee@retailers.com.

Thank you,

Andrew Beardslee
VP of Government Affairs
Michigan Retailers Association

Earned Sick Time Act Update

What Retailers Need to Know

Overall Impact:

- Businesses with 11 or more employees must provide 72 hours of paid sick time.
- Employees will accrue 1 hour of paid sick time for every 30 hours worked, OR an employer may front-load 72 hours of paid sick time at the beginning of the year for immediate use.
- New employees can be required to wait until their 120th day of employment (4 months) before using earned sick time.
- Employees may accrue more than 72 hours of paid sick time in a year, but employees may cap usage at 72 in a given year. Carryover is also capped at 72 hours per year, and if the employer opts to front-load the 72 hours, employees must “use it or lose it” in that year.
- Part time employees are not exempt, though employers may front-load the paid sick time based on an in-writing estimate of how many hours the employee is expected to work in a year, and calculate the accrual rate accordingly.

Small Business Safeguards:

- Small businesses must provide 40 hours of paid sick time beginning October 1, 2025.
- New small businesses (established after the law takes effect) will have 3 years before the new rules apply.
- Small businesses that opt to front-load sick time benefits (rather than following an accrual schedule of 1 hour of sick leave per 30 hours worked) are not required to calculate or track employees’ accrual or pay out any unused sick time at the end of the year.

Avoiding Most Problematic Outcomes:

- The final version removed the “rebuttable presumption of a violation” if an employer takes adverse personnel action against an employee within 90 days of that employee filing a complaint, cooperating with the department, and so on.
- The final version also removed the “private right of action” portion, which would have allowed an employee to go straight to court if they believe their employer violated the act.
- The final version fixes the flaw that could have allowed three back-to-back “no call, no show” absences, instead aligning the rules with the employer’s own handbook policy regarding foreseeable and unforeseeable absences.

Questions?

Don't hesitate to reach out to MRA's VP of Government Affairs, Andrew Beardslee at abeardslee@retailers.com or askusfirst@retailers.com with any additional questions or concerns.

