Client Alert - Updated

Changes to Michigan's Earned Sick Time

BACKGROUND: In 2018, Michigan voters approved an initiative to expand employee leave rights under Michigan's Earned Sick Time Act (ESTA). The Michigan legislative adopted the initiative, however, the initiative was challenged in court and placed on hold.

In July 2024, the Michigan Supreme Court allowed the initiatives to take effect, but granted a grace period until February 21, 2025. Just before this deadline, the legislature passed a bill making changes to the ESTA. On February 21, 2025, Governor Whitmer signed legislation enacting Michigan's Earned Sick Time Act (ESTA) with key changes.

In February 2025, Michigan began requiring employers with 11 or more employees to provide Earned Sick Time (EST). (Original Client Alert Emailed on Feb. 27, 2025)

Effective October 1, 2025, small employers will also be required to provide EST to their employees. The key requirements for small employers are as follows:

- Small employers (1-10 employees) must permit employees to accrue EST at a rate of 1 hour per 30 hours worked.
- Employers may cap use of EST to 40 hours in a year.
- Accrued EST must be allowed to carryover. However, a 40-hour carryover cap is permitted.
- For employers using a front-load method, no carryover is required and the only tracking required is how much paid EST employees have used.
- For part-time employees, employers may use the front-load method on a proportional basis if the employer provides an initial estimate at the time of hire. If an employee works above the estimate, the hours must accrue at the normal (1 for 30) rate.
- If an employee is reinstated or returns to the employer within two months of separation, employers must reinstate all unused, accrued EST, unless the employer paid out the EST at separation.
- Employers may require 7 days' notice for foreseeable use. For unforeseeable use, employers may require notice either (1) as soon as practicable or (2) in accordance with the employer's policy, so long as the policy is written and permits notice after the employee becomes aware of the need to use sick time.
- Employers may combine EST with PTO however, 40 hours are subject to EST conditions. Anything above 40 hours may be used in accordance with the employer's vacation/PTO policy.

WHAT EMPLOYERS SHOULD DO:

Employers should review their current sick time policy as soon as possible to ensure compliance with the new requirements. Written notice must also be provided to an employee at the time of hire.

If your policy needs to be revised, please reach out to your Engage Human Resources Consultant for guidance. **A sample policy can be found here. The required poster can be found here.**