CLIENT ALERTS & INSIGHTS

Michigan Joins the List of States Requiring Employers to Provide Paid Time Off

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Under the amended Michigan Earned Sick Time Act ("ESTA"), Michigan employees will now accrue 1 hour of paid sick time for every 30 hours worked. ESTA was effective February 21, 2025, for employers with 10 or more employees. Employers with 10 or fewer employees will have until October 1, 2025, to comply with the amendment.

Covered Employers

The amended ESTA applies to all Michigan employers with more than one employee.

Employee Eligibility

All employees are covered under ESTA, including part-time and temporary employees. Employers may impose a 120-day new hire waiting period for employees hired after February 21, 2025. During the waiting period, employees will accrue sick time but will not be able to use it until the conclusion of the waiting period.

Benefit Amount

Employee benefit amounts vary based on the number of employees.

- Employers with 10 or fewer employees: 40 hours of paid sick leave per year.
- Employers with more than 10 employees: 72 hours of paid sick leave per year.

Accrual

Employees must accrue 1 hour of paid sick time for every 30 hours worked.

Carryover

Employees may carry over used sick time from year to year. However, employers may limit employee usage to 72 hours per year (40 hours for smaller employers). Carryover is not required if the employer frontloads earned sick time.

Usage

Employees are entitled to use earned sick time in 1-hour increments or the smallest increment the employer uses for tracking sick time usage.

Frontloading

As an alternative to the accrual method, employers may elect to frontload paid earned sick time at the beginning of the benefit year for immediate use. Employers who frontload do not need to calculate or track accrual. If an employer elects to frontload earned sick time, they are not required to allow employees to carry over unused earned sick time from one year to the next year.

Additional Requirements to Note

- Employers may not require an employee to search for or secure a replacement worker as a condition for using earned sick time.
- Employers cannot take disciplinary action against employees who no-call or no-show for up to three days without notice.
- Employers must retain a record of hours worked and earned sick time taken for three years.

Enforcement

The amended ESTA gives the Michigan Department of Labor and Economic Opportunity the power to impose civil penalties of up to 8 times the employee's normal hourly wage and up to a $1,000 fine for each violation.

What Employers Should Do

Employers should update internal procedures and handbooks to ensure that their time off policies comply with Michigan's new requirements. Employers with existing combined paid time off policies may already comply with ESTA's leave requirements. If an employer provides 72 (or more) hours of paid time off per year and does not want a separate policy here, they still need to make sure that other provisions, such as when time can be used and notice provisions, are consistent with ESTA's requirements.

For more information, please contact a member of Benesch's Labor and Employment Practice Group.

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