



Chamber Town Hall: *Next Steps on Minimum Wage and Earned Sick Time*

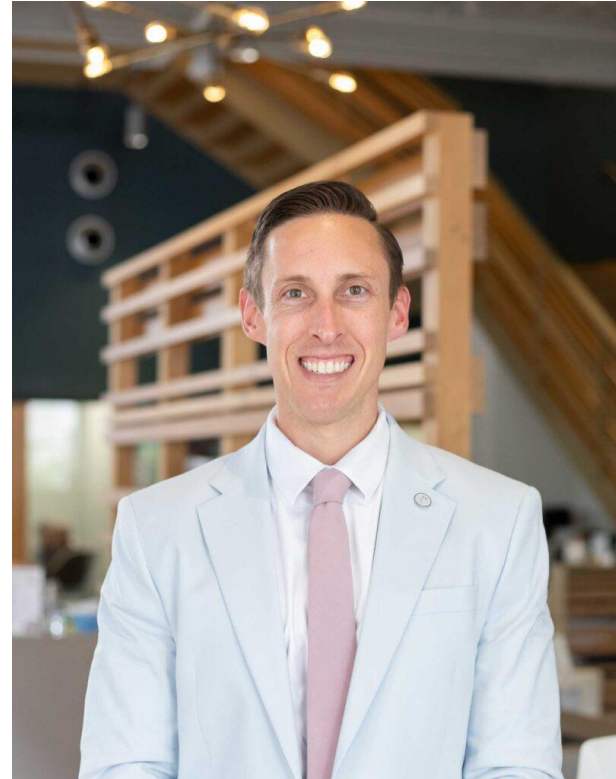
August 28, 2024

DISCLAIMER: The information provided herein is provided for informational purposes only and should not be construed as legal advice on any subject matter. We recommend seeking assistance from a licensed attorney for compliance advice.

Welcome



WENDY BLOCK,
SR. VICE PRESIDENT OF
BUSINESS ADVOCACY,
MICHIGAN CHAMBER



JOSH LUNGER,
VICE PRESIDENT OF
GOVERNMENT AFFAIRS,
GRAND RAPIDS CHAMBER



BRAD WILLIAMS,
VICE PRESIDENT OF
GOVERNMENT RELATIONS,
DETROIT REGIONAL CHAMBER

Chambers Co-Hosting Today's Event – Thank You!

- Barry County Chamber
- Battle Creek Area Chamber
- Bay Area Chamber
- Benzie County Chamber
- Birmingham/Bloomfield Chamber
- Cadillac Area Chamber
- Canton Chamber
- Caro Chamber
- Chaldean American Chamber
- Chamber of Commerce: Grand Haven, Spring Lake, Ferrysburg
- Charlevoix Area Chamber
- Cheboygan Area Chamber
- Detroit Regional Chamber
- Fenton & Linden Regional Chamber
- Flint & Genesee Chamber
- Grand Rapids Chamber
- Greater Albion Area Chamber
- Greater Farmington Area Chamber
- Hartland Area Chamber
- Holly Area Chamber
- Houghton Lake Chamber
- Howell Area Chamber
- Jackson County Chamber
- Lansing Regional Chamber
- Lapeer Area Chamber
- Leelanau Peninsula Chamber
- Macomb County Chamber
- Michigan Chamber
- Midland Business Alliance
- Northern Michigan Alliance
- Petoskey Regional Chamber
- Plymouth Community Chamber
- Rochester Regional Chamber
- South Haven Area Chamber
- South Kent County Regional Chamber
- Southern Wayne County Regional Chamber
- Southwest Michigan Regional Chamber
- Traverse Connect
- Waterford Area Chamber

What Happened

- Michigan Supreme Court decision --*Mothering Justice v. Attorney General* -- **puts into law two 2018 ballot proposals.**
- Were hopeful Court would put **politics aside** and focus on the text the Michigan Constitution...but they didn't.
- Impact will be deep and **felt by job providers and workers alike.**



Need to Know: Paid Leave

- **No exemptions** – large and small employers, full- and part-time, seasonal.
- **Accrual** - 1 hour for every 30 hours worked, 72 hours/year.
 - Fewer than 10 employees: 40 hours paid, 32 hours unpaid.
- Forces employers to **rethink PTO** bank approach, time off policies.
- No **notification** – “as soon as practicable.”
- **Use** of time, carry over of time.
- Limits **documentation** (employer pays).
- **Litigation nightmare** – rebuttable presumption and private right of action.
- **Fines** and fees.



Need to Know: Minimum Wage

- **Effective Feb. 21, 2025**, minimum wage increases from \$10.33 per hour to ~ **\$12.48** per hour.
- Annual increases based on a set schedule, then inflation.
 - Questions about whether minimum wage will also need to increase in Jan. 2025.
- **Tipped employee minimum wage** will increase from 38% **to 100%**.
 - Only 7 states don't have a tipped minimum wage: Alaska, California, Minnesota, Montana, Nevada, Oregon, Washington.
- Exception: Employers can pay a lower **training wage** of \$4.25 per hour to newly-hired employees aged between 16–19 for their first 90 days.

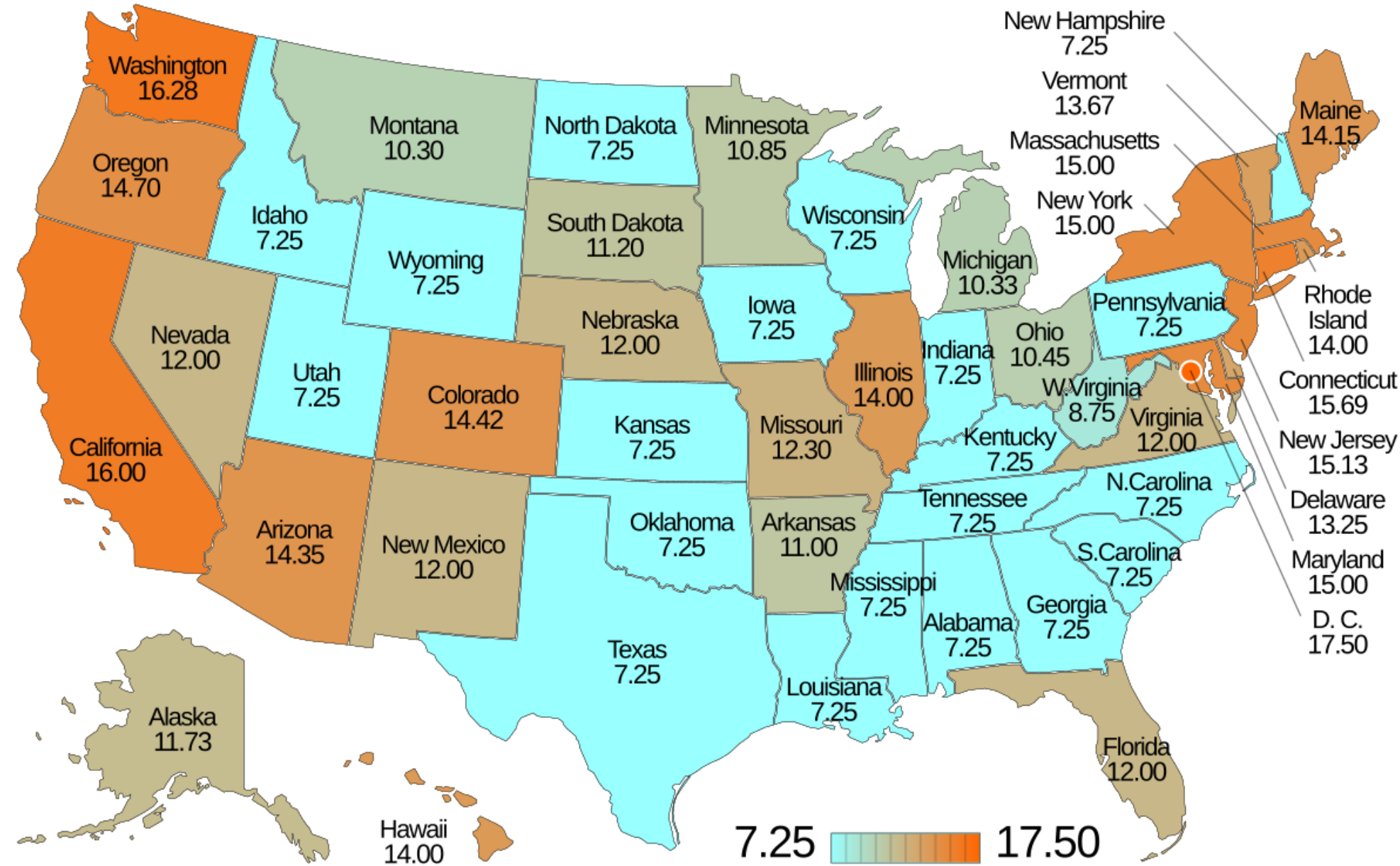


New Minimum Wage Schedule

ORIGINAL YEAR	ORIGINAL WAGE	NEW YEAR	NEW WAGE (TENTATIVE)	TIPPED MINIMUM WAGE
2019	\$10.00	2025	\$12.48	48%
2020	\$10.65	2026	\$13.29	60%
2021	\$11.35	2027	\$14.16	70%
2022	\$12.00	2028	\$14.97	80%
2023+	Automatic increases based on rate of inflation (CPI-W)	2029+	Automatic increases based on rate of inflation (CPI-W)	90% (?) in 2029, 100% in 2030+

Federal Minimum Wage Remains at \$7.25

State minimum wages, in dollars. July 1, 2024



The Work Ahead

Two-pronged strategy:

- 1. Compliance** - Help Michigan businesses understand their obligations.
- 2. Legislative** – Work to soften the impact of this adverse ruling.



Compliance

Toolkit:

www.michamber.com/?s=toolkit



The Michigan Supreme Court has issued a major ruling impacting businesses of nearly every size and type re: new paid leave and minimum wage requirements.

The Michigan Chamber is here to help employers navigate these changes. Download the resources below to start.

Overview: What Needs to Change Download	FAQs Download
Legal Resources Download	One-Pager: Top 10 Things Employers Need to Know Download

Legislative Efforts

- Building a broad coalition (traditional and nontraditional partners).
- Meetings with legislators.
 - Educating and asking for help.
- Political realities.
- Why your voice matters.



Coalition Efforts: Our Ask

The MI Supreme Court's Decision on Mandatory Paid Sick Leave

Members of the Michigan House and Senate must come together to pass practical and commonsense legislation to lessen the harm of the Supreme Court's decision on paid leave. Michigan is among 17 states that currently have a paid sick leave law and has since 2018. However, the provisions in the Michigan Earned Sick Time Act (ESTA) are some of the most far-reaching and stringent.

We need your help to make sure the ESTA's requirements are workable. Without a fix, employers will be forced to make drastic changes to their paid time off policies – even if they have a policy that meets or exceeds what's required under the Act. While employers will be forced to make significant changes, it is employees who will ultimately lose (benefits, flexibility, jobs, etc.).

The MI Supreme Court's Decision on Mandatory Paid Sick Leave

Top Things Lawmakers Need to Know About the Impact of the Supreme Court's Decision on Paid Leave

DISRUPTIVE AND BAD FOR EMPLOYEES

The Earned Sick Time Act will force employers of all sizes and types to rethink their existing paid leave policies. Because the Act micromanages things like notification and increments that time can be used and adds avenues for costly litigation against businesses for compliance mistakes, most employers will move to separate sick time from other paid time off (PTO) banks -- even though most employees prefer a combined bank.

- **Our Ask:** Exempt employers with paid leave policies that meet or exceed the number of hours required under the act, including all forms of paid leave.

NO EXEMPTIONS

Sick leave must be expanded to all employees (full-time, part-time, seasonal, temporary workers, independent contractors, subcontractors); all employers with one or more employees must comply. Very few states have laws as extensive as Michigan.

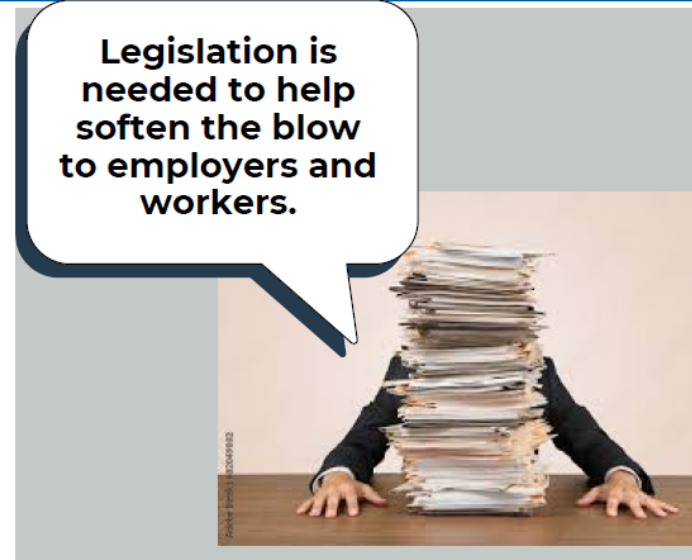
- **Our Ask:** Add a small employer exemption or expand the current small employer threshold. Apply Earned Sick Time Act to full- and part-time employees averaging 20 or more hours per week; exempt seasonal, temporary workers, independent contractors, and subcontractors. There's good precedent and logic to exempting employers with fewer than 50 employees (federal Family Medical Leave Act [FMLA]).

NO NOTIFICATION

The Act only requires employees to submit leave time notifications "as soon as practicable." In practice, this will provide employees 72 hours of no-notice, intermittent leave time each calendar year and could very well exacerbate staffing shortages. No other state has a similar no-notice, ghosting provision.

- **Our Ask:** Each business is different in terms of its needs. At the very least, time should be limited to use in four-hour/half-day increments; notification should be required prior to the start of a shift, unless the employee is incapacitated.

Legislation is needed to help soften the blow to employers and workers.



LITIGATION NIGHTMARE

The Act allows employees to sue businesses and automatically assumes the employee's side for unfavorable personnel actions (via a rebuttable presumption), putting employers in the position of having to defend their HR decisions in court. No other state has a rebuttable presumption, creating a disincentive to hiring and entrepreneurship in Michigan.

- **Our Ask:** Remove the language allowing for a private right of action and rebuttable presumption. Enforcement and penalties should be handled by the State.

NO FRONTLOADING

The Act doesn't allow employers to frontload employees' time off at the beginning of the year. It must accrue.

- **Our Ask:** Allow employers to frontload time off to avoid keeping complicated accruals and to allow the employee to have maximum flexibility.

Five Key Changes:

- **Exempt plans** that meet or exceed the mandated 72 hours.
- Exempt **small businesses** and certain workers (part-time workers, seasonal employees, other workers).
- Require time to be used in full-/half-day **increments** and allow employers to require **advanced notice**.
- Eliminate private right of action and **rebuttable presumption**.
- Allow employers to **frontload** 72-hours at the start of the year.

Coalition Members



How You Can Help

- Business leaders **MUST** engage
 - Starts with **educating lawmakers** on why the ruling is problematic.
 - **Don't have to be an expert:** introduce self, talk about why you're concerned (high level) and ask for their help.
 - **Call, email, visit.**
- Ask Rs and Ds to come together to **find a commonsense solution** in 2024 -- we cannot afford to wait!



How to Engage

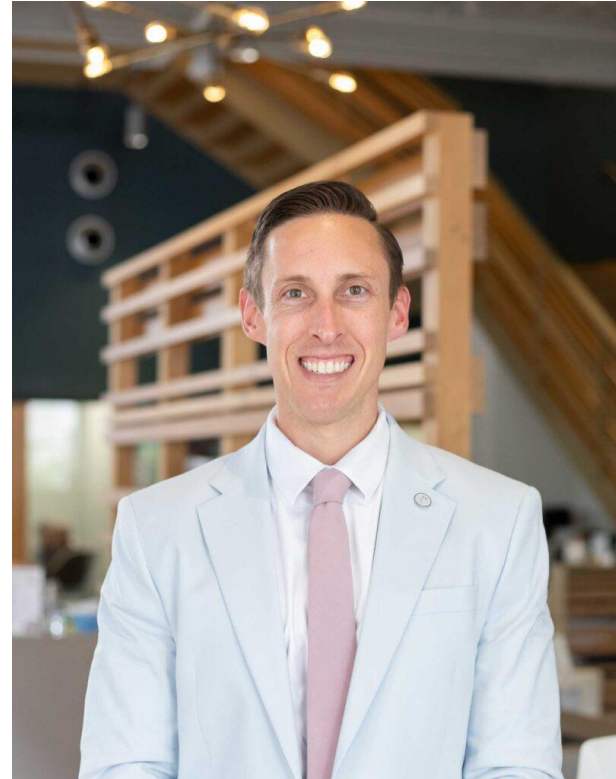
- Contact your **lawmaker's office**:
 - Find your State Rep:
<https://www.house.mi.gov/>
 - Senator:
<https://senate.michigan.gov/findyoursenator/>
 - Sample talking points will be sent post-town hall!
- Send an **action alert** via email:
 - Paid leave – bit.ly/fixpaidleave
 - Minimum wage – bit.ly/fixminimumwage



Thank you for participating! Questions?



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