

FRIDAY, FEBRUARY 21
10:30 A.M. – 11:00 A.M.
ZOOM MEETING

SPECIAL EARNED SICK TIME

FRIDAY UPDATE

**A RUNDOWN AND Q&A ON
WHAT CHANGED WITH ESTA**



GR
C

Agenda

- Overview
 - Minimum & Tipped Wage
 - ESTA Summary
 - Detailed key changes
- Q&A



What Do I need to know?

Minimum wage

- The tipped minimum wage remains at 38% for 2025
 - Rises to 40% on January 1, 2026
 - Increases an additional 2% per year until reaching the cap of 50% on January 1, 2031.
- Minimum wage increases to \$15 an hour beginning January 1, 2027.
 - Adjusted yearly based on the CPI for the Midwest region.



Minimum Wage Increases

Date	Minimum Hourly Wage
February 21, 2025	\$12.48
January 1, 2026	\$13.73
January 1, 2027	\$15.00



Tipped Minimum Wage

Date	Tipped Minimum Wage
February 21, 2025	38% of general minimum wage (\$4.74)
January 1, 2026	40% of general minimum wage (\$5.49)
January 1, 2027	42% of general minimum wage (\$6.30)
January 1, 2028	44% of general minimum wage
January 1, 2029	46% of general minimum wage
January 1, 2030	48% of general minimum wage
January 1, 2031	50% of general minimum wage

Employers that fail to pay the tipped minimum wage as prescribed by the act are subject to a civil fine of up to \$2,500.



Areas of Concern	Resolution
Small Business	10 or fewer employees, must provide 40 hours of paid leave and do not have to comply until 10/1/2025
Classification of Employee Exemption	U.S. government employees; independent contractors*; unpaid trainees, unpaid interns, youth wage workers
One PTO Bank	If PTO policy exceeds 72 hours. No more same terms and conditions language
Usage and increments of time	Can restrict use to 120 days. One hour or the employer can elect a smaller increment if they track absences in smaller amounts
Private right of action/rebuttable presumption	Eliminates both
Frontloading	Allows for frontloading of 72/40 hours – accrual, carry over and payout are eliminated
New businesses	Exempt for three years
Wage Calculation	Exempts overtime, bonuses, tips, commissions, etc.
Leave Notice	7 days if foreseeable, can provide written policy on unforeseeable
No Call/No Show	Can take action if employee fails to follow written policy
Part-time/Seasonal	Can frontload for part-time, seasonal addressed indirectly

Key Changes

- Advanced notice:
 - If foreseeable: May require 7 days notice (no change)



Key Changes

- If unforeseeable, in **either** of the following manners:
 - “as soon as is practicable”
 - In accordance with the employer’s policy related to requesting or using sick time/leave if both of the following are met:
 - The employer a written copy of the policy that includes procedures for how they must provide notice
 - The requirement allows an employee to provide notice after the employee is aware of the need



Key Changes

- An employer cannot deny use of time that is not foreseeable if:
 - The employer did not provide a written policy
 - The employer made a change to the written policy and did not provide notice within 5 days after the change
- An employer may take adverse personnel action against an employee who uses time for a purpose outside of those prescribed or violates notice requirements.



Key Changes

- Definition of an employee excludes:
 - A US government employee
 - An individual who works in accordance with a policy if both conditions are met:
 - allows the individual to schedule their own hours
 - policy prohibits the employer from taking adverse personnel action for failure to schedule a minimum number of hours
 - An unpaid trainee or intern
 - An individual employed in accordance with the youth employment standards act



Key Changes

- Eliminates private right of action and rebuttable presumption



Key Changes

- Family member no longer includes individuals related by “affinity” to the employee
- An individual whose close association with the employee is the equivalent of a family relationship remains.



Key Changes

- Small business is defined as 10 and fewer employees
 - Was formerly fewer than 10
 - Maintains the count by employees on payroll during any 20 or more calendar workweeks
- Small businesses do not need to comply until October 1, 2025
 - A small business is not required to do any of the following until October 1, 2025
 - Allow an employee to accrue
 - Provide paid earned sick time to an employee as an alternative to accrual
 - Calculate and track accrual



Key Changes

- Tracking and usage
 - 1 hour for every 30 hours work
 - Adds specific exemption of paid time off
 - Capped at 40 hours annually for small business and 72 hours annually for all others
 - An employer may select a higher limit
 - Accrual begins on the effective date of the act or upon commencement of employment – whichever is later
 - A new employee can be required to wait 120 days (was formerly 90)
 - Time may be used in 1 hour increment or the smallest increment the employer uses to account for absences



Key Changes

- Frontloading
 - As an alternative to accrual, a business may provide an employee a minimum of 72 hours (40 hours for small business) of paid earned sick time at the beginning of the year
 - An employer that frontloads does not need to:
 - Allow for carry over
 - Calculate and track accrual
 - Pay the employee the value of unused time



Key Changes

- Single Bucket // PTO
 - Greatly improves the ability to provide PTO (instead of separating)
 - An employer is in compliance if they provide at least the same amount of PTO as required that may be used for the same purposes
 - Eliminated same terms/conditions



Key Changes

- Part-time employees
 - May frontload under the following conditions:
 - The employer provides written notice of how many hours the employee is expected to work for a year at the time of hire
 - The earned sick time provided is at least proportional to the earned sick time that would be accrued if all hours are worked as expected
 - If more hours are worked, the employer must provide sufficient benefits



Key Changes

- Rollover
 - Must allow carry over up to 72 hours (40 for small business) unless the employer selects a higher limit.



Key Changes

- Calculations of wage do not include:
 - Overtime pay
 - Holiday pay
 - Bonuses
 - Commissions
 - Supplemental pay
 - Piece-rate pay
 - Tips or gratuities



Key Changes

- Other calculations:
 - Year is a regular and consecutive 12-month period as determined by the employer
 - An employee that is exempt from overtime is assumed to work 40 hours/week unless the employee's normal work week is less in which case the time accrues based on that normal workweek.
 - An employee is assumed to not have worked less than 40 hours each work week (or 30 hours in small business)



Other key ESTA changes

- May require reasonable documentation for time greater than 3 consecutive days.
 - The employee must provide the documentation within 15 days after request
 - The limitations on the request and responsibility to cover expenses remains

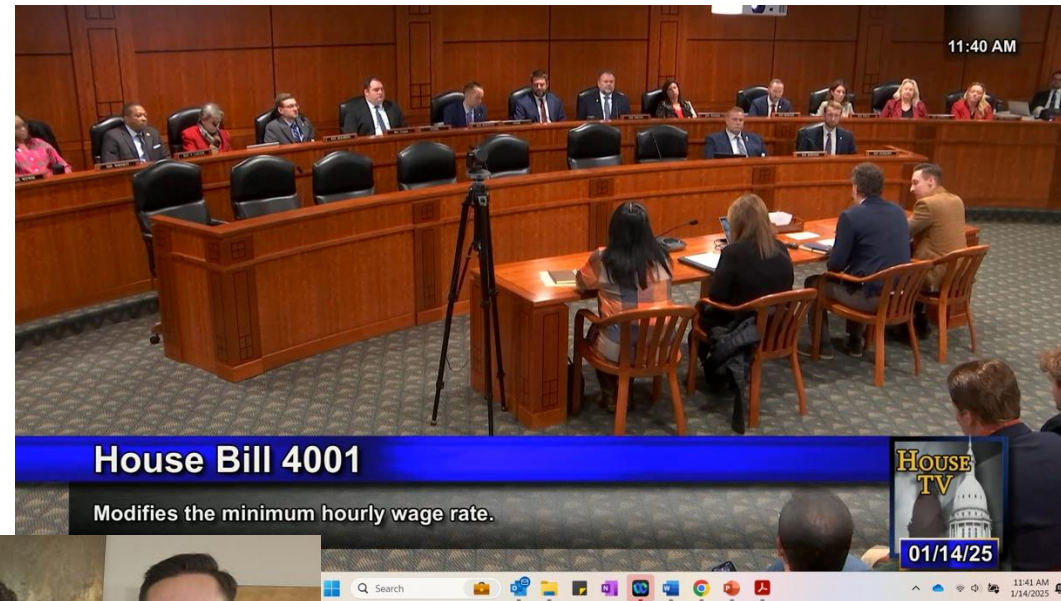


Key Changes

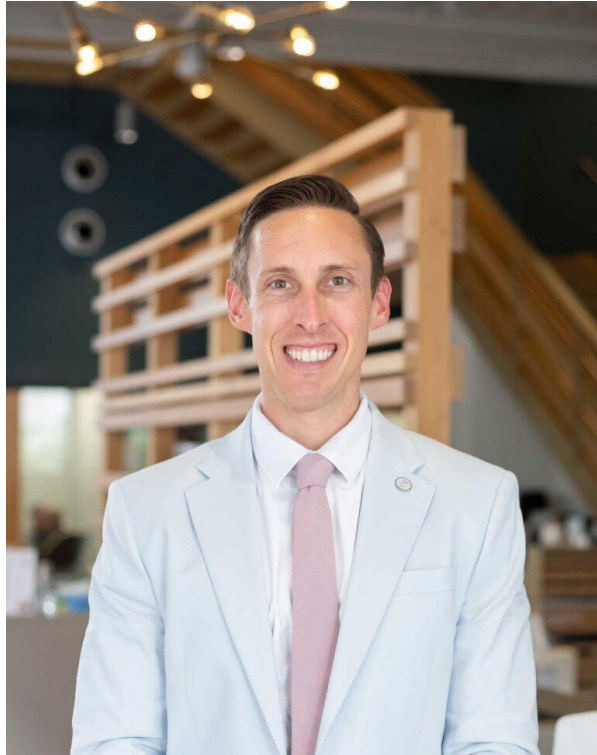
- Returning employees:
 - Changed from reinstating within 6 months to 2 months
 - Employer can pay an employee the value of unused accrued time at the time of transfer/separation instead



THANK YOU



CONTACT INFO:



JOSHUA LUNGER
VP OF GOVERNMENT AFFAIRS
JOSH@GRANDRAPIDS.ORG



JACQUI DOLCE
SR MANAGER OF GOVERNMENT AFFAIRS
JACQUI@GRANDRAPIDS.ORG

