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Paid Sick Leave Changes Clear Legislature Under The Wire

Lawmakers reached a bipartisan deal Thursday night to amend the state's paid sick time law prior to the 12:01 a.m. Friday deadline, making changes to how much time employers must provide and doing a wholesale rewrite of how the law must be administered.

Senate members voted 26-10 on the [S-3 substitute version of HB 4002](#), with all 18 Republicans joining eight Democrats in voting yes. The Senate also mustered more than the necessary 25 votes for immediate effect.

In the House, the bill passed 81-29. All 29 no votes were Democrats.

Senate Democrats said the sick leave requirements are the strongest in the nation while Republicans and business groups said the amendments saved the state's economy.

"The mark of a good compromise at the end of the day, bringing both sides together for policy solutions that improve the bottom line for the small businesses and the workers of the state of Michigan," [Rep. Bill Schuette](#) (R-Midland) said. "I don't think anyone was entirely satisfied, but I do think that this represents a remarkable step forward from where we would have been on Friday had the Legislature not acted."

Earlier in the day on Thursday, the Senate gave [SB 8](#), the bill related to preserving a lower tipped minimum wage, immediate effect. The bill increases the minimum wage to \$15 by 2030, and it will increase tipped minimum wage to 50 percent of the minimum wage by 2031. The 50 percent is an increase compared to the current 38 percent, but the law that would have taken effect if the Legislature had not acted phased out the lower wage completely.

Despite both chambers passing legislation to change the laws as they are set to go into effect prior to the deadline, [Governor Gretchen](#)

Whitmer had not signed the bills into law as of 12:30 a.m. on Friday. SB 8 was presented at 8:42 p.m. on Thursday. The Legislature's website did not show HB 4002 as being presented at time of publishing.

House Speaker Matt Hall (R-Richland Township) said he hoped that the Department of Labor and Economic Opportunity would be lenient in enforcing the law prior to the new legislation going into effect.

"I'm counting on the LEO Department," Hall said prior to the legislation's passage. "There's a lot of confusion here. I mean, these people don't know what the law is going to be in just a few hours ... so I think we can have some reasonable enforcement."

Senate Democrats sought to portray the agreement as providing Michigan workers with the strongest paid sick time policy in the nation.

As of December 2024, 18 states and the District of Columbia had paid sick time laws in place.

"We were working hard to make sure that we could get something that was still preserving the original intent of the initiative but added provisions to deal with the administration of it all and make sure that we were responding to concerns that were raised from our constituents, both employees and employers," Senate Majority Leader Winnie Brinks (D-Grand Rapids) said. "We are very pleased to be able to solve a lot of problems and address some issues before they became problems in real life."

Brinks added that she had no doubt in her ability to establish a working relationship with Hall and find a compromise on the two laws.

"We're really proud that we were able to put all these things back into the law and make sure that this was the strongest policy in the entire country," said Sen. Sam Singh (D-East Lansing), who played a lead role in the negotiations.. "I think if you compare Michigan to these other 18 you will see that Michigan is a leader when it comes to the amount of hours, as well as some of the other polices that are undergirding it."

Backers of the original proposals, however, had been pressuring Democrats to let them take effect as written. One Fair Wage earlier Thursday promised a referendum on SB 8 .

Senate Minority Leader Aric Nesbitt (R-Porter Township) said Republicans had led on averting what he called a pending disaster for

Michigan businesses and workers in negotiating on a solution and providing the lion's share of votes for the bills.

"This was all improvements from what the status quo was," Nesbitt said. "It's better than what these out-of-state special interests were trying to shove down the throat of small businesses. ... This is a House and Senate Republicans win in trying to save small businesses and provide flexibility for working families across the state."

Nesbitt was asked about [Sen. Ruth Johnson](#) (R-Groveland Township) showing up to vote despite being in the process of recovery from back surgery and [Sen. Dan Lauwers](#) (R-Brockway) briefly entering the chamber to vote despite being sick. Nesbitt said the two senators wanted to ensure that if the bills did not get to the governor by the Friday effective date that it wasn't the fault of Republicans..

The final Senate hurdle, granting immediate effect, was also achieved largely with Republican votes. There were 26 votes for granting [SB 8](#) immediate effect: 16 Republicans and 10 Democrats. For [HB 4002](#) there were 28 votes for immediate effect, coming from Republicans and 10 Democrats.

The key basic concept in the Earned Sick Time Act, brought by citizen activists in an initiative petition in 2018, remains: workers earn one hour of paid sick time for every 30 hours worked. But the way employers will administer the act will look far different from the law that would have otherwise taken effect Friday.

A key change in the final version of the bill gives small businesses with 10 or fewer employees until October 1 to comply with the act's requirements. Those small businesses must provide 40 hours of paid sick time under the bill. The original law's provision for smaller business to also provide 32 hours of unpaid leave was scrapped. Another major change exempts nonprofits from the law.

The biggest point of contention during negotiations was the definition of a small business, House Republicans said.

Other changes would allow employers to designate paid time off as a combined paid time off/sick leave bank, explicitly allow employers to provide all sick time hours frontloaded at the start of the year – and exempt employers frontloading time at the start of the year from having to record the accrual of sick time. The system the initiated law put in place to tilt the scales in favor of employees in any complaint alleging their employer violated the law is also scrapped in the legislation.

As passed, employers with 11 or more employees would be required to provide 72 hours of paid time, with a 72-hour carryover cap from year to year.

Employers could frontload paid sick time, and employees would be capable of using it immediately. For frontloading, there would be no requirement for paying out sick time at the end the year, and there would be no requirement for calculating and tracking accrual of sick time.

Further, employers who frontload sick time at the start of the year would not have to allow employees to carry over unused sick time from year to year.

For employers using a combined leave bank, 72 hours of time would be subject to Earned Sick Time Act provisions, with anything beyond that being able to be used according to an employer's vacation or paid time off policy or usage requirements.

Additionally, small businesses that begin operating after Friday will have three years before needing to comply with the paid sick time requirements.

Changes were also made to provisions governing notification requirements, including a requirement for seven days' notice for foreseeable usage.

For unforeseeable use of sick time, reporting would be required as soon as practicable or in compliance with an employer's policy on using sick time, if the employer notifies the employee of their policy in writing and the policy allows employees to provide notice after the employee is aware of the need to use sick time. This language was targeted at concerns the initiated law, as written, would allow employees not to show up for work with their employers having no recourse until three days had passed at which point they could request the employee provide a note from their physician.

Several employee exemptions were also included.

For seasonal employees, they would be unable to use sick time within 120 days of employment unless sick time is frontloaded. Unless the employee is rehired by the same employer within two months, the employee would have to start over on sick time accrual.

Variable hour employees would also be exempt, as would unpaid trainees and unpaid interns.

Part-time employees would be subject to proportional frontloading based on the initial estimate provided by their employer at the time of hire. If the employee works more than the estimated amount, hours would be accrued at the normal rate of one hour per 30 hours worked.

"We had to reach further across the aisle, but they did move our way a little bit," Hall said ahead of final passage of the legislation in the Senate. "This outcome will avert the crisis, and that's a good outcome."

Both House Republicans and Democrats were optimistic that the negotiations on [SB 8](#) and [HB 4002](#) would open the doors to further cooperation throughout the term.

"This is the first trial balloon of divided government," Schuette said. "We can say that House Republicans really delivered for the people of the state of Michigan."

Hall was also optimistic.

"This could lead to other productive things happening in the Legislature," he said, citing a roads deal or legislation promoting increased transparency.

[Rep. Alabas Farhat](#) (D-Dearborn) expressed similar optimism that with negotiations complete on tipped wage and earned sick time, the Legislature could move forward on a long-term roads funding solution.

"We've shown the ability to come together and get things done in a bipartisan way, I really hope we begin to shift the focus to long-term road funding," he said. "The governor's brought a really good proposal, Speaker Hall has brought a good proposal, and they're actually closer than people think. ... We need to get this done. People are expecting us to get road funding done."

— By Elena Durnbaugh and Nick Smith

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