

MICHIGAN

Michigan Supreme Court Increases Minimum Wage and Paid Leave

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The Michigan Supreme Court has [ruled](#) that the state legislature's 2018 amendments to the Improved Workforce Opportunity Wage Act (Wage Act) and the [Earned Sick Time Act](#) (ESTA) were unconstitutional. The Court ordered that the original, more employee-friendly laws presented to the legislature as ballot initiatives must take effect Feb. 21, 2025. This means significant changes to Michigan's minimum wage and paid sick leave requirements, including the eventual elimination of the tipped minimum wage. The ruling was issued on July 31, 2024, in the case *Mothering Justice v. Attorney General*.

Minimum Wage Increases

In keeping with the terms of the original Wage Act, which would have increased Michigan's minimum wage starting in 2019, the state's Supreme Court established a minimum wage and tip credit schedule as follows:

- **Feb. 21, 2025**—The minimum hourly wage will be \$10 plus the state treasurer's inflation adjustment, which is calculated according to state law. Tipped employees must be paid at least 48% of the minimum wage.
- **Feb. 21, 2026**—The minimum hourly wage will be \$10.65 plus the state treasurer's inflation adjustment, which is calculated according to state law. Tipped employees must be paid at least 60% of the minimum wage.
- **Feb. 21, 2027**—The minimum hourly wage will be \$11.35 plus the state treasurer's inflation adjustment, which is calculated according to state law. Tipped employees must be paid at least 70% of the minimum wage.
- **Feb. 21, 2028**—The minimum hourly wage will be \$12 plus the state treasurer's inflation adjustment, which is calculated according to state law. Tipped employees must be paid at least 80% of the minimum wage.
- **Feb. 21, 2029, and thereafter**—The state treasurer will calculate the inflation-adjusted minimum hourly wage according to state law. Tipped employees must be paid at least the minimum wage, as the tip credit will cease to exist.

In addition, on **Feb. 21, 2025**, another provision of the original Wage Act takes effect. Employees will be allowed to accrue 1.5 hours of paid time off for every

Highlights

- The Michigan Supreme Court reversed a lower court decision, reinstating wage and paid sick leave laws presented as 2018 ballot initiatives.
- The laws will take effect Feb. 21, 2025, and are more generous to employees than the laws currently in effect.

The Court held that the legislature's "adopt and amend" strategy was unconstitutional.



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hour of overtime worked in lieu of compensation (“comp time”), up to a maximum of 240 hours. The law allows employees to later convert the comp time back into compensation at the same wage they were earning when the hours accrued.

Paid Sick Leave Expansion

The original paid sick leave provisions of the 2018 ballot initiative will also take effect **Feb. 21, 2025**. The legislature’s amendments to the ESTA significantly narrowed employee benefits, and they renamed the law the [Paid Medical Leave Act](#) (PMLA), which is currently in effect.

Key differences between the laws include that the more generous ESTA:

- Covers all employers (the PMLA exempts employers with fewer than 50 employees);
- Covers all employees (the PMLA contains employee exemptions);
- Requires accrual of one hour of leave per every 30 (not 35) hours worked;
- Allows employees to use 72 hours of leave annually instead of 40; and
- Prohibits employers from taking retaliatory action against employees.

Background

The Wage Act and ESTA ballot initiatives were submitted to the Michigan legislature in 2018. The legislature adopted the measures unchanged, thereby removing them from the ballot for the 2018 election. Following the election, the legislature amended the laws to limit the employee rights they provided. The amended laws took effect in 2019.

Advocacy organization Mothering Justice and other groups sued, with the result that the Court of Claims declared the “adopt-and-amend” procedure unconstitutional in July 2022, ordering the reinstatement of the original laws as presented to the legislature. The order was delayed pending appeal. On Jan. 26, 2023, the Court of Appeals reversed, upholding the employer-friendly amendments. The decision was then appealed to the state Supreme Court, which reversed the Court of Appeals in its July 31, 2024, decision.

In its opinion, the Supreme Court stated that the state constitution provides only three options for the legislature when presented with valid ballot initiatives:

1. Enact the proposed law without change or amendment within 40 days;
2. Reject the proposed law, in which case the law will appear on the ballot in the next general election; or
3. Reject the initiative and propose a different measure on the same subject, which then will appear alongside the original initiative on the ballot of the next general election.

The Court found that the legislature unconstitutionally violated the people’s initiative rights by choosing the adopt-and-amend procedure instead of one of the three allowed options. To remedy the legislature’s “constitutional mischief,” the Court reinstated the laws as they appeared in the ballot initiatives. The effective date of Feb. 21, 2025, provides a transition period of 205 days from the date of the opinion for employers to comply with the new laws, which is the same period the ballot initiatives originally provided. The Court said the minimum wage schedule it ordered links the gradual phase-in of minimum wage increases to the same annual schedule as originally proposed but set into the future and accounting for inflation and the passage of time.

Steps for Employers

Michigan employers should review the new minimum wage, comp time and expanded paid sick leave requirements to ensure compliance by Feb. 21, 2025. Employers should also update their employee policies and provide training to supervisors on the changes.