



Michigan Employment Law Changes Effective in 2025

Labor & Employment Law Team

Foster Swift Labor & Employment Law News E-blast

January 13, 2025

****Please note that while the information below is accurate as of now, new bills have been introduced in the legislature, that if passed, could change the ESTA and IWOWA before they take effect on February 21. Stay tuned!***

Starting in 2025, Michigan employers and employees will experience significant changes to the state's employment laws. These changes include increases to the minimum wage, implementation of the Earned Sick Time Act (ESTA), and changes to unemployment benefits. Below is an overview of these changes and their implications for businesses across Michigan.

Minimum Wage Changes

As of January 1, 2025, Michigan's minimum wage has increased from \$10.33 to \$10.56 per hour as part of the state's regular minimum wage adjustment schedule. However, a more significant change will take effect on February 21, 2025, when the minimum wage rises to \$12.48 per hour. This increase follows a Michigan Supreme Court ruling regarding the Improved Workforce Opportunity Wage Act (IWOWA).

Minimum Wage Adjustments

Employers should note the following wage changes:

- **Standard Minimum Wage:**
 - Effective January 1, 2025: \$10.56 per hour
 - Effective February 21, 2025: \$12.48 per hour
- **85% Rate for Minors (Under 18):**
 - Effective January 1, 2025: \$8.98 per hour
 - Effective February 21, 2025: \$10.61 per hour
- **Tipped Employees:**
 - Effective January 1, 2025: \$4.01 per hour
 - Effective February 21, 2025: \$5.99 per hour

Earned Sick Time Act (ESTA)

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Beginning February 21, 2025, Michigan's Earned Sick Time Act (ESTA) will replace the current Paid Medical Leave Act (PMLA), which covers employers with at least 50 employees. ESTA will apply to almost every Michigan employer, and introduces more comprehensive requirements for employers and extends coverage to a broader range of employees.

Key Provisions of ESTA

- **Employee Coverage:** ESTA applies to all employees in Michigan, including part-time, temporary, and exempt employees, except federal government employees. This is a significant expansion compared to the PMLA, which excluded several categories of workers.
- **Accrual Rate:** Employees must accrue at least one hour of earned sick time for every 30 hours worked.
- **Usage Caps:**
 - Employers with 10 or More Employees: Must allow employees to use up to 72 hours of paid earned sick time annually.
 - Employers with Fewer than 10 Employees: Must provide up to 40 hours of paid earned sick time and an additional 32 hours of unpaid earned sick time annually.
- **Carryover:** Employees must be allowed to carry over all unused earned sick time to the next year, though annual usage may be capped at 72 hours.
- **Permitted Uses:** Employees may use earned sick time for various reasons, including: their own or a family member's illness; medical appointments; situations where the employee or their family member is a victim of domestic violence or sexual assault, or for meetings at a child's school or place of care related to the child's health or disability.

Unemployment Benefits

A new measure was signed into law by Governor Gretchen Whitmer on December 30, 2024, making significant changes to the Michigan Employment Security Act.

The new law extends the maximum number of weeks an individual can qualify for unemployment benefits and also increases the maximum weekly benefit from its current \$362 to \$614 over the next three years, representing a raise of nearly 70 percent in the weekly unemployment benefit.

The law becomes effective on April 1, 2025.

Key Changes to Unemployment Benefits

- **Number of Benefit Weeks Extended:** The maximum number of weeks a person may receive unemployment benefits will be extended from 20 weeks to 26 weeks.
- **Increase in Weekly Benefits:** The new legislation sets a maximum weekly benefit rate that will increase to \$446 in 2025, \$530 in 2026, and \$614 in 2027. In subsequent years, changes in the weekly benefit will reflect adjustments in the Consumer Price Index.



We will continue to provide you with updates to changes in the law as we get new information in. With these changes set to take place right around the corner, if you have further questions or concerns not answered by this article or need more in depth assistance, please reach out to a member of our labor & employment law team:

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