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Relief for Employers: Court of Appeals Upholds the Implementation of the Paid Medical Leave Act and Amended Minimum Wage Act

Client Alert

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As previously reported by Butzel in July 2022 (see Client Alert), the Michigan Court of Claims issued a decision on July 19, 2022 in *Mothering Justice v. Attorney General* that effectively replaced the then current Michigan Paid Medical Leave Act with the Earned Sick Time Act, a different and more burdensome version of the law that would have required all Michigan employers with ten or more employees to provide 72 hours of paid sick leave each year. Additionally, the July 19th decision also restored the original version of the Improved Workforce Opportunity Act which would also have increased the minimum wage to \$12 per hour and begin phasing out the tip credit. The Court of Claims' July 19th decision was set to take effect, after the expiration of the stay, on February 20, 2023.

Today, however, the Court of Appeals reversed the Court of Claims' July 19, 2022 decision. The Court of Appeals, in a 3-0 decision, ruled that Michigan's constitution does not prevent the legislature from adopting and amending a ballot proposal in the same legislative session. This means that the Paid Medical Leave Act (2018 PA 369) and the amended Improved Workforce Opportunity Act (2018 PA 368), which employers have been following since 2019, will remain intact.

This is probably not the end of the road for this issue as it is likely that review will be sought from the Michigan Supreme Court. In the meantime, however, employers are relieved of any obligation to provide greater paid time off as was set forth in the Earned Sick Time Act or pay an increased minimum wage as required in the original version of the 2018 Improved Workforce Opportunity Wage Act.

Accordingly, in light of today's decision, employers must continue to follow the Paid Medical Leave Act and amended Improved Workforce Opportunity Act. The Paid Medical Leave Act

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requires employers with 50 or more employees to provide 40 hours of paid sick leave to eligible employees each year. Effective January 1, 2023, the minimum hourly wage in Michigan increased to \$10.10 per hour (with the tipped employee rate of hourly pay being \$3.84 per hour).

More information from Butzel will follow if there are additional developments. If there are questions as to whether your organization's policies are compliant or need to be revised, please consult with your Butzel attorney.

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