



AGENDA

- CURRENT STATUS OF ESTA
- IMPLEMENTATION CONSIDERATIONS
 - HUMAN RESOURCES
 - PAYROLL
 - FINANCE/BUDGETING
- HELPFUL RESOURCES
- QUESTIONS & ANSWERS

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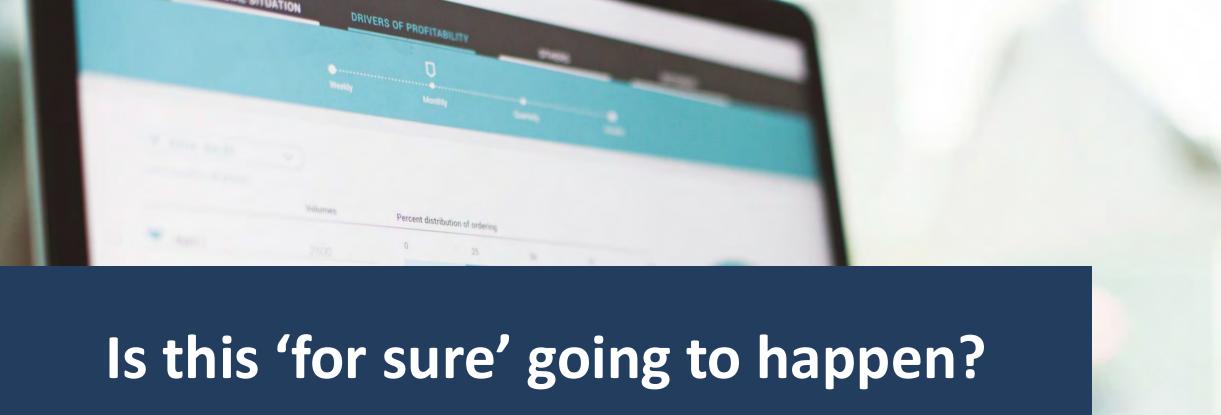
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YES – But we are hoping for amendments



MICHIGAN CHAMBER OF COMMERCE IS LEADING A COALITION EFFORT TO ASK FOR THE FOLLOWING CHANGES:

- Exempt plans that meet or exceed the mandated 72 hours/year
- Allow employers to frontload 72 hours at start of year
- Exempt small business and certain workers (PT, seasonal, temporary)
- Require time to be used in full-day or half-day increments
- Allow for advanced notice requirements
- Eliminate the private right of action and rebuttable presumption

HB 6056 & HB 6057

HOUSE BILL NO. 6057

November 07, 2024, Introduced by Rep. Filler and referred to the Committee on Regulatory Reform.

A bill to amend 2018 PA 338, entitled "Earned sick time act,"

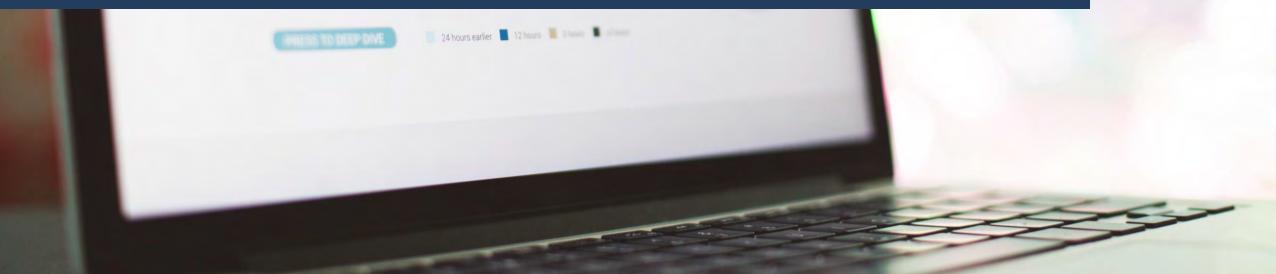
by amending sections 2 and 3 (MCL 408.962 and 408.963).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2. As used in this act:
- 2 (a) "Department" means the department of licensing labor and
- 3 regulatory affairs.economic opportunity.
- 4 (b) "Director" means the director of the department of

- On 11/7/24 starter (shell) bills were introduced on both issues.
- HB 6056 (minimum wage; Rep. Shannon) and HB 6057 (earned sick time; Rep. Filler). Bipartisan bill package by design.
- Both bills were referred to the House Regulatory Affairs Committee. Hoping to see action in the coming weeks.





DETERMINE SCOPE AND SCALE OF THIS CHANGE



WHICH EMPLOYEES AND AT WHAT COST?

- Who currently receives paid time off? How much and at what cost to you?
- How much would ALL current employees accrue under new ESTA rules if they continued to work a similar schedule?
- What is the projected financial impact of this change? How will you pay for it?
- Do you want to create a new sick time bank or carve out paid sick time from existing time off benefits? Will this feel like a 'take away' to staff if you carve sick time out of PTO?

UPDATE YOUR CURRENT SYSTEMS



TIME TRACKING, TIME OFF REQUESTS, PAYROLL

- Who is your payroll provider? What changes are they making to comply with this new law?
- In what increments do you currently track time in your payroll/timekeeping system?
- How will you label 'sick time' in time off request process and your payroll system for accrual and use tracking purposes?
- Can you pull reports on hours worked, sick time accrued, and sick time taken by employee for a 3-year span?

UPDATE YOUR CURRENT POLICIES



UPDATE YOUR CURRENT POLICIES

- Paid time off policies including frontloaded time and payout rules
- Eligibility rules and covered reasons
- Advance notice requirements and call-in procedures
- Documentation requirements
- Discipline and bonus eligibility based on attendance
- Holiday pay rules that are dependent on working day before/after
- Coordination with FMLA, STD, WC, Medical Leaves

NOTIFY STAFF OF CHANGES/RIGHTS UNDER ESTA



NOTIFICATION REQUIREMENTS

Notify current and ALL NEW HIRES of:

- (a) The amount of earned sick time required to be provided to an employee under this Act.
- (b) The employer's choice of how a 'year' will be calculated.
- (c) The terms under which earned sick time can be used.
- (d) A prohibition on retaliation for an employee's rights under this Act.
- (e) The employee's right to bring a civil action or file a complaint with the department (State of Michigan) for any violation of this Act.

Notices must be written in English, Spanish and any other language spoken by at least 10% of the employer's workforce.

UPDATE YOUR DOCUMENTS

- Employee handbook and/or associated policies
- Employment law posters
- New hire packets
- Separation checklists

RESOURCES TO ASSIST WITH HR COMPLIANCE

HRM RESOURCES

ATTENDEES WILL RECEIVE AN EMAILED LIST OF RESOURCES WITH LINKS AFTER THIS PRESENTATION.

HRM Resources – www.workwithHRM.com/tools/

- ESTA At-a-Glance Document
- Employer Compliance Worksheet
- Sample Employee Notification Letter
- Sample Handbook Policy Language
- Make-and-Take Handbook Seminar on 1/9/25
- HR Hot Topics Videos and Webinar Recording





IDENTIFY ELIGIBLE WORKERS

- ESTA applies to all employers with one or more employees except for the US Government
- ESTA defines an eligible employee as:

"an individual engaged in service to an employer in the business of the employer, except that employee does not include an individual employed by the United States government"

- Wage and Hour Division has said this does not include independent contactors
 - If you give sick leave to an independent contractor, they can use this as an argument that they are actually an employee
- Employees outside of Michigan are NOT covered, but if they occasionally work in Michigan they would be covered



DETERMINE PAY RATES

- ESTA time must be paid at the employee's regular hourly or standard wage rate
- Must be able to prove the number of hours worked
- For commission-only or stipend employees, an average pay rate must be determined
- Do not include bonuses in average pay calculations
- Maintain records of any calculations
- Make sure employee pay rates comply with the new minimum wage under IWOWA

TIME TRACKING & COMPLIANCE

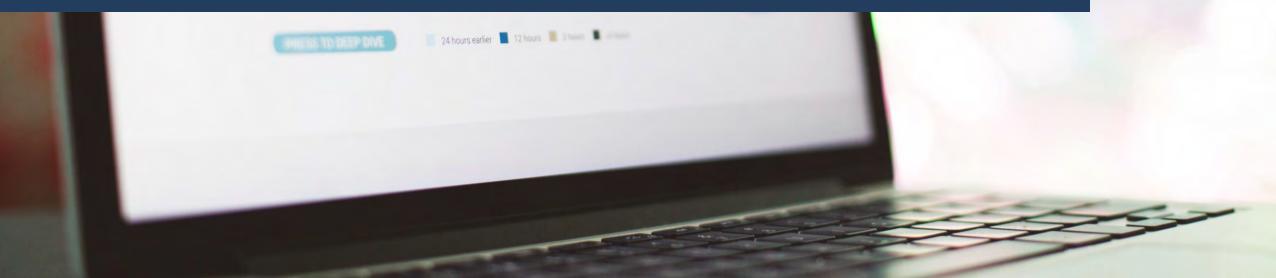
- Sick time is accrued at 1 hour per 30 hours with no weekly, monthly, or annual cap
 - Employers may limit the amount of sick time <u>used</u> in a benefit year to 72 hours
- Sick time is accrued based on hours worked, not hours paid
 - Does not include holidays, PTO, etc., but does include overtime hours worked
- Sick time must be tracked/accrued at the same interval employees track their hours
- Unused time is carried over from year to year, with no rollover cap
- If an employee leaves and returns within 6 months, their accrued sick time must be re-instated



TIME TRACKING & COMPLIANCE

- New sick time policy can be baked into your current policies, but it may be better to separate them
- ESTA goes into effect 2/21/25, so you do not need to accrue for hours worked before that date
- If there are any disputes, the burden of proof is on the employer
- Document, document, document...





DIRECT COSTS

- Newly eligible staff
 - Seasonal
 - Part-time
 - Interns
- Additional staff or overtime
- Pay-out considerations at termination/retirement
- Documentation requirements



INDIRECT COSTS

- Increased administrative time
- Increased payroll processing time
- Possible increase in payroll provider costs
- Additional legal costs

BUDGETING FOR COSTS

 Get a good understanding of current costs – both direct and indirect

- Begin tracking usage and costs for future forecasting
 - Consider a budgeting software
 - Utilize data analytics

Ensure adequate reserves & monitor your liabilities

RESOURCES TO ASSIST WITH PAYROLL/BUDGET COMPLIANCE

MANER COSTERISAN RESOURCES

- Year-end payroll planning webinar: https://zoom.us/webinar/register/4917333175365/WN_5TZ7TGwnRJ-X4ToYA--cnQ
- ADP resources: <u>ADP RUN Essential Payroll 2024.pdf</u>
- Martus Budgeting: https://www.martussolutions.com/capabilities/budgeting





THANK YOU

THE RECORDING OF THIS WEBINAR, ALONG WITH RESOURCE DOCUMENTS, WILL BE SENT TO ALL PARTICIPANTS FOLLOWING THIS PRESENTATION.



