



Michigan District

The Lutheran Church—Missouri Synod

People of Hope ... Vigorously Making Known the Love of Christ

October 9, 2024

Dear Treasurers and Business Managers of Michigan District congregations,

Thank you for all you do in support of the congregations and schools of the Michigan District! We'd like to welcome Stacy Furgerson to the Michigan District office as Assistant Business Manager and we also want to share some updates on a few things that might affect you.

Combined Assessment Information

If the enclosed remittance voucher indicates a balance due for the 2023 or 2024 Combined Assessment, please remit these amounts as soon as possible. We build the assessment over each triennium to provide support for program and emeriti expenses at pastor conferences and the costs of District and Synodical conventions. If your congregation is facing financial difficulties that prevent you from paying this, please contact me at 734-213-3239 or drop us a note.

For your budgeting purposes, the assessment rate for 2025 is expected to be \$375 per congregation plus \$0.75 for each confirmed member.

Congregational Treasurer's Manual

The 2024 update of the Michigan Supplement to the LCMS Congregational Treasurer's Manual is available. The latest version of the manual and other updated applicable resources, including HR posters, can be accessed at <https://michigandistrict.org/business>. As a reminder, the *LCMS Congregational Treasurer's Manual* will now be updated in the spring annually.

Changes to Fair Labor Standards Act (FLSA)

We previously shared information regarding the Department of Labor raising the minimum salary requirements for most workers that are exempt under the Administrative, Professional, or Executive exemptions. Employees that are not exempt are subject to overtime provisions. The current minimum salary is \$844 week / equivalent to a \$43,888 annual salary. Effective 1/1/25 it increases to \$1,128 week / equivalent to a \$58,656 annual salary. Additional information, including an FAQ from the Synod, is available at <https://michigandistrict.org/business>.

Improved Workforce Opportunity Wage Act (IWOWA) – Effective February 21, 2025

A new Michigan minimum wage law is taking effect February 21, 2025. Per IWOWA Act 337 of 2018, the minimum wage taking effect on February 21, 2025 will be \$12.48 per hour. From January 1, 2025 through February 20, 2025, the minimum wage will be \$10.56. Visit <https://michigan.gov/wagehour> or <https://www.michigan.gov/leo/news/2024/10/01/michigan-minimum-wage-rate-2025-increase-schedule> for more information and the new minimum wage rates through 2028.

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Earned Sick Time Act (ESTA) – Effective February 21, 2025

A new sick time act is replacing the current Paid Medical Leave Act (PMLA) effective February 21, 2025. This affects all employers with at least one employee, however the benefits and rules differ for small (1-9 employees) and large (10 or more employees) employers. There are many changes from the current PMLA, please take the time to familiarize yourself with the new law and facts that can be found online and on the required poster, which can be found on our website. Visit <https://www.michigan.gov/leo/bureaus-agencies/ber/wage-and-hour/paid-medical-leave-act> for more information.

- Sick time earned will be accrued based on 1 hour per 30 hours worked (time off hours should not be used in the accrual basis) and must carry over at the end of the employer's designated 'year'. Employers must retain records that document the hours worked and earned sick time taken by employees for not less than 3 years.
- Paid time off/sick time/vacation time would count towards this requirement as long as it may be used for the same purposes and under the same conditions provided in the act (including accrual, use, carryover) and that it is accrued at a rate equal to or greater than the minimum accrual rate.
- Earned sick time shall carry over from year to year. A business with less than 10 employees is not required to permit an employee to use more than 40 hours of paid earned sick time and 32 hours of unpaid earned sick time in a single year. Employers with 10 or more employees are not required to permit an employee to use more than 72 hours of paid earned sick time in a single year
- Employers must post the required poster WHD_9911 and provide written notice of an employee's rights under the act at the time of hiring or February 21, 2025, whichever is later. Required notice contents can be found at www.michigan.gov/wagehour.

Ministerial Exception

While the FLSA/IWOWA/ESTA laws discussed above generally apply to all congregations in Michigan, the Ministerial Exception is widely understood to be a defense against the FLSA and could potentially be a defense against the State laws (although most qualifying as ministers are already compensated above the minimum wage and probably already receiving paid time off).

Generally, ministers are not subject to the Fair Labor Standards Act and several other Federal/state labor laws due to the Ministerial Exception. While the **tax code** requires ministers to be ordained, commissioned, or licensed, the Ministerial Exception, which is used for **labor law purposes**, covers a much broader set of employees. In 2020, The Supreme Court found that a person can be serving an important religious function even if not holding the title or training of a religious leader. Generally, employees involved in preaching, teaching the faith (including youth leaders doing such), and managing/leading worship and hymn selection will fall under the Ministerial Exception. Daycare directors who determine the spiritual teaching for the center would also fall under the exception. Administrative assistants, business managers, facilities managers, and custodians typically will not fall under the Ministerial Exception based on those duties alone. (It is recommended that job descriptions clearly define the ministerial types of duties and responsibilities for employees that have such duties and responsibilities.)

Please feel free to contact our office at businessoffice@michigandistrict.org or reach out to Stacy Furgerson 734-213-3238 or Chad Woltemath 734-213-3239, if you need additional information. As always, we encourage you to also discuss your specific situations with your legal counsel.

In His Service,



Chad R. Woltemath
Vice President of Finance