



Frequently Asked Questions about Family and Medical Leave Insurance (FAMLI)

September 2024

The Maryland Department of Labor is in the process of establishing our state's Family and Medical Leave Insurance (FAMLI) system. The work of the FAMLI team is underway. Over the past year, we received a number of questions, particularly from the employer community. This document is an updated version of the FAQ's first published on our website in January 2024.

Listed below are the most frequently asked questions. It is important to note that the Department has not yet finalized regulations. Therefore, these answers are subject to change. Updated information will be posted at paidleave.maryland.gov.

If your question is not answered below, please [click here](#) to submit it!

Terms:

Employer: anyone who pays a salary or wage to at least one person who works in Maryland. No employers are excluded from FAMLI.

Worker: anyone who receives a salary or wage for work done in Maryland. Workers **do not** include independent contractors or federal government employees.

Contributions Questions

1. How much will this cost?

For those enrolled in the State Plan:

- For employers with 15 or more workers: the rate will be 0.90% of covered wages up to the Social Security cap. Employers may collect up to half of the contribution rate from workers.
- For employers with fewer than 15 workers: the rate is 0.45% of covered wages up to the Social Security cap. Employers may collect up to the full amount from workers.

These answers are based on the Division's current thinking. The Division's regulations have not been finalized. The information contained herein is subject to change without notification. Please visit paidleave.maryland.gov for updated information.

While the Department of Labor sets the contribution rate for the State Plan, private plans will set their own rates. Workers cannot be charged more in a private plan than they would be through the State Plan.

2. Will payroll software be able to calculate the amount of money that employers and workers must contribute?

The Division has no control over payroll software. The Division anticipates that vendors will adapt and offer solutions.

3. Can employers pay workers' share of contributions as an added benefit?

Yes, employers can choose to pay the full contribution amount. Please note, there may be tax implications for doing so. Employers should consult with a tax professional.

4. How will the Division calculate whether an employer has fewer than 15 workers?

An employer can request an official determination which could result in a lower employer contribution rate. Employers will be required to disclose the average number of workers who are out-of-state. The Division will add that number to the average number reported in wage and hour reports during the four previous quarters. If the total is below 15, employers will qualify for the lower contribution rate. The determination will be effective for one year.

5. My business has less than 15 workers during some parts of the year and more than 15 workers during others. How will the Division determine the number of workers I have?

The Division will collect wage and hour reports every quarter. Until the Division receives 4 quarters of wage and hour reports, the Division will determine employer size each quarter. After the Division receives more than 4 quarters of wage and hour reports, the Division will average the number of workers paid each quarter for the previous 4 quarters.

6. Will the cost change over time?

Each February, the Division will announce a rate for the following State fiscal year (July 1-June 30). It may change over time, but under current law, the total rate cannot go over 1.2% of wages up to the Social Security cap.

These answers are based on the Division's current thinking. The Division's regulations have not been finalized. The information contained herein is subject to change without notification. Please visit paidleave.maryland.gov for updated information.



7. Contribution and benefit amounts depend on a worker's wages. How do you define wages?

The definition of wages is the same as that used for the purposes of unemployment insurance.

8. How will contributions be collected and remitted to the State?

If an employer chooses to collect up to half of the contribution rate from workers, the employer must collect the worker's portion of the contribution through payroll deductions at the time wages are paid.

Employers will be responsible for electronically remitting contributions to the State through the Division's online web application (the web application is currently under construction).

9. How often will employers remit contributions to the State?

Employers will remit contributions to the State every three months (on a quarterly basis).

10. How will the Division determine what an employer should contribute each quarter?

Employers will submit wage and hour reports each quarter. Those reports will determine how much an employer contributes.

11. I understand that contributions will be made on a worker's wages up to the Social Security cap. How is this calculated when a worker has multiple jobs?

The cap on wages is per job.

12. If an employer does not collect money from a worker's paycheck to cover contributions, can the employer collect the money from a future paycheck?

No, employers are not allowed to collect contributions from workers after the pay cycle ends.



13. There may be times when a worker is not receiving wages from their employer. For example, a worker may receive Worker's Compensation or take unpaid time off. Are the employer and worker still responsible for FAMILI contributions during this time?

No, neither the worker nor their employer will owe contributions during that time.

14. Will employers need to make and collect contributions for all workers?

Employers will need to make and collect contributions for anyone working in a position localized in Maryland. Workers cannot opt out of participating.

15. Are independent contractors considered "covered employees?"

No, independent contractors are not considered "covered employees." They do not need to pay contributions and are not eligible for benefits.

16. Will employers be required to collect and make contributions for all Maryland-based workers, even if those workers may not be eligible to receive benefits? For example, will seasonal or part time employees need to contribute?

Yes, the law does not exclude any group of workers.

17. Will employers be required to make and collect contributions for workers who live in Maryland but work in another state?

No, eligibility and contributions are dependent on working in Maryland.

18. Will employers be required to make and collect contributions for workers who work in Maryland but live in another state?

Yes, anyone working in a position located in Maryland will contribute.

19. I work from my home or office in Maryland, but my employer is located in a different state. Will I make contributions and be eligible for benefits?

If you work in Maryland, you will contribute and be eligible for benefits. It does not matter where your employer is located.

If you work in more than one state, your eligibility will depend on localization rules.

These answers are based on the Division's current thinking. The Division's regulations have not been finalized. The information contained herein is subject to change without notification. Please visit paidleave.maryland.gov for updated information.

20. My company's office is located in Maryland, but some people work remotely from another state. Will out-of-state workers contribute and be eligible for benefits?

No, only Maryland workers will contribute and be eligible for benefits.

21. My company's home office is not in Maryland, but we occasionally do work in Maryland. Will the company be responsible for contributions for the time workers are in Maryland?

It depends. The calculation is not based on time. It is based on position. If the position is "based" in Maryland according to the unemployment localization rules, then contributions will be due. If the position is "based" in another state according to the unemployment localization rules, contributions will not be due.

22. My family employs a nanny. Am I considered an employer?

Yes, an employer is anyone who pays a salary or wage to at least one person. All employers will have to comply by offering FAML I leave and sending contributions and reports to the Division.

23. Maryland's unemployment insurance program exempts a number of employment categories from participating. Will FAML I also exempt those categories?

No. All employment categories are covered by FAML I. There are no exemptions.

24. For unemployment insurance purposes, I'm a reimbursable employer and only pay based on workers' usage. Am I able to do something similar with FAML I?

No, there is not a reimbursable option similar to the one offered under the unemployment insurance program.

25. How will Medicaid providers be reimbursed?

Please contact the Maryland Department of Health.

26. Will employers' costs change depending on workers' usage of the program?

Employers in the State Plan will not be charged more depending on worker usage. Private plans may be structured differently.

These answers are based on the Division's current thinking. The Division's regulations have not been finalized. The information contained herein is subject to change without notification. Please visit paidleave.maryland.gov for updated information.



27. Will a worker be reimbursed for their contributions if they leave a job but never filed a claim?

No. Like other insurance programs, FAMI contributions go into a shared account that is used to pay benefits. No individual worker or employer is entitled to the return of any funds.

28. Will third-party administrators be able to interact with the FAMI system?

The Division understands that many employers will rely on third party administrators to interact with our system. Our online web application is being built with that in mind.