

FAMLI Frequently Asked Questions

April 2026

The Maryland Department of Labor (MD Labor) is in the process of establishing our state's Family and Medical Leave Insurance (FAMLI) program. [Chapters 1-5 of the FAMLI regulations](#) are now in effect and published in the Code of Maryland Regulations.

Listed below are the most frequently asked questions about contributions, particularly from the employer community, with answers from the FAMLI Division of MD Labor.

If your question has not been answered, please reach out to our Customer Care Contact Center at (410) 525-4010 or paid.leave@maryland.gov.

Contributions Questions

1. How much will employers and employees contribute?

In April 2026, MD Labor reaffirmed a total contribution rate for FAMLI of 0.9%. This rate will apply when payroll withholding begins on January 1, 2027, for wages paid between January 1, 2027 to December 31, 2027.

Each November, starting in 2027, MD Labor will announce a contribution rate for the following calendar year. Under current law, the total rate cannot go over 1.2% of wages up to the [Social Security cap](#).

Employers may withhold up to half the contribution rate (0.45%) from their employees' pay.

Small employers (those with fewer than 15 total employees, counting employees within and outside of Maryland), will only be responsible for remitting 50% of the contribution rate. They may withhold that amount from their employees' pay.

While MD Labor sets the contribution rate for all participants in the State Plan, private plans will set their own rates. Employees can't be charged more in a private plan than they would be through the State Plan.

2. Will the contribution rate be different for exempt (salaried) and non-exempt (hourly) employees?

No.

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

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

4. Can employers pay employees' 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.

5. Will an employer be allowed to pay the contribution for a select group of employees?

Yes. Employers may decide to cover the cost of contributions for a select group of employees. Please note, there may be tax implications for doing so. Employers should consult with a tax professional.

6. Employers with fewer than 15 employees are only responsible for 50% of the contribution rate. How will the FAMLI Division determine whether an employer has fewer than 15 employees?

The total number of employees includes those employed both within and outside of Maryland.

Initially, the FAMLI Division will determine the total number of employees for each individual quarter. After an employer has a full calendar year of reported quarters, the Division will use the employer's average across the 4 quarters to make a determination for the subsequent calendar year.

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

The FAMLI Division will collect wage and hour reports every quarter. Until the Division receives a full calendar year of wage and hour reports, the Division will determine employer size each quarter. After the Division receives a calendar

year of reports, the Division will average the number of employees paid each quarter for the calendar year and make an annual determination that will apply for the entire year following.

8. Will independent contractors count toward employer size?

No.

9. Will employer-size be determined as a whole or for each subsidiary separately?

When an employer registers with FAMLI, they will enter their federal Employer Identification Number (EIN). All sub-agencies and divisions with that same EIN will therefore be registered. FAMLI will only allow one registration per EIN. All employees falling under the same EIN are counted toward a single employer-size.

10. Will the cost change over time?

Each November, the FAMLI Division will announce a contribution rate for the following year. 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](#).

11. Contribution and benefit amounts depend on an employee's wages. How do you define wages?

The definition of wages is the same as that used for the purposes of unemployment insurance (Labor and Employment Article, §8.3-101(r), Annotated Code of Maryland).

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

If an employer chooses to collect up to half of the contribution rate from employees, the employer must collect the employee'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 FAMLI Division's website (the website is currently under construction).

13. Will employers use Maryland's Unemployment Insurance website (BEACON) to remit payments to FAMLI?

No. Employers will remit FAMLI contributions via the FAMLI website. This website is separate from Maryland's Unemployment Insurance program.

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

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

15. What is the schedule for remitting contributions?

Payroll deductions begin on January 1, 2027 for wages paid after this date, and the first quarterly payment is due April 30, 2027.

Moving forward, this is the schedule for quarterly contributions:

For the quarter beginning January 1 and ending March 31: contribution due April 30

For the quarter beginning April 1 and ending June 30: contribution due July 31

For the quarter beginning July 1 and ending September 30: contribution due October 31

For the quarter beginning October 1 and ending December 31: contribution due January 31

16. How will the FAMLI 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.

17. Will employers report gross wages or net pay on the quarterly wage and hour reports?

Employers will report gross wages on quarterly wage and hour reports.

18. What is the Social Security cap for this year?

More information about the Social Security cap can be found [here](#).

19. I understand that contributions will be made on an employee's wages up to the [Social Security cap](#). How is this calculated when an employee has multiple jobs?

The cap on wages is determined separately for each job.

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

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

There is one exception. If an employee does not earn enough in a pay cycle to cover their contribution (for example, a tipped employee), the employer has up to 6 pay periods to collect the money.

21. I am an employer with waitstaff. How can I collect contributions, if the waitstaff does not earn enough in hourly wages to cover the cost?

If an employee does not earn enough on a paycheck to cover their contribution amount, their employer has up to 6 pay periods to collect the money. This is the only reason an employer can collect contributions from employees after they are due.

The employer could also pay the difference.

22. There may be times when an employee is not receiving wages from their employer. For example, an employee may receive Workers' Compensation or take unpaid time off. How does this impact contributions and reporting?

When an employee earns zero wages, no contributions are due but the employer's reporting responsibility remains unchanged. Employers are still required to submit quarterly reports indicating the employee earned zero wages.

23. Will employers need to make and collect contributions for all employees?

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

24. Will business owners who are also employees need to cover the employee contribution for themselves? Will they be eligible for benefits?

It depends on the structure of the company. If the owner is an employee of the company (i.e. receives wages) they will need to contribute to FAMLI and will be eligible for benefits. If the owner is not considered an employee, they will be able to opt-in under the self-employed option.

25. Will self-employed individuals be required to contribute?

No, self-employed individuals are not required to pay contributions.

Once the option is launched, self-employed individuals may choose to register themselves in order to contribute and be eligible for benefits. Details will become available at a later date.

26. Will employers be required to collect and make contributions for all Maryland-based employees, even if those employees 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 employees.

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

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

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

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

29. 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 for the same job, your eligibility will depend on [localization rules](#).

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

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

31. My company is based in Maryland but some employees work in multiple states (e.g. truck drivers). Will they contribute and be eligible for benefits?

If an employee is localized in Maryland, they are covered under FAMLI. There are detailed [localization rules](#), but a shorthand rule is that if they are covered

under Maryland's Unemployment Insurance program, they are also covered under FAMLI.

32. 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 employees are in Maryland?

It depends on whether the position is localized in Maryland. Only positions localized in Maryland will be responsible for contributions and eligible for benefits. There are detailed [localization rules](#), but a shorthand rule is that if a position is covered by Maryland's Unemployment Insurance program, it is also covered under FAMLI.

33. If an employee works remotely from their home in Maryland on some days and in person out-of-state on other days, are they covered under FAMLI?

It depends. Work must be "localized" in Maryland for a worker to be eligible. Localization refers to where the work is physically performed, not where a worker lives.

The simplest way to know: If an employer contributes to Maryland's Unemployment Insurance program on behalf of an employee, that employee's work is localized in Maryland, and they are covered under FAMLI.

Common Scenarios:

- An employee works full-time in Maryland but lives in another state → Covered under FAMLI
- An employee lives in Maryland but works full-time in another state → Not covered under FAMLI
- An employee works remotely from another state for a Maryland-based employer → Not covered under FAMLI
- An employee works remotely from Maryland for an employer based in another state → Covered under FAMLI
- An employee works in multiple states for the same job → [Localization rules](#) determine coverage (see "Employer's Liability for Unemployment Insurance Taxes", pages 9-11)

34. If employees sometimes work from their home which is not in Maryland, but also sometimes work in-office in Maryland, will they be subject to contributions/eligible for leave?

It depends. Work must be "localized" in Maryland for a worker to be eligible. Localization refers to where the work is physically performed, not where a worker lives.

The simplest way to know: If an employer contributes to Maryland's Unemployment Insurance program on behalf of an employee, that employee's work is localized in Maryland, and they are covered under FAMLI.

Common Scenarios:

- An employee works full-time in Maryland but lives in another state → Covered under FAMLI
- An employee lives in Maryland but works full-time in another state → Not covered under FAMLI
- An employee works remotely from another state for a Maryland-based employer → Not covered under FAMLI
- An employee works remotely from Maryland for an employer based in another state → Covered under FAMLI
- An employee works in multiple states for the same job → [Localization rules](#) determine coverage (see “Employer’s Liability for Unemployment Insurance Taxes”, pages 9-11)

35. 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 FAMLI and by submitting wage and hour reports and remitting contributions to the FAMLI Division.

36. Maryland's Unemployment Insurance program exempts a number of employment categories from participating. Will FAMLI also exempt those categories?

No. All employment categories are covered by FAMLI. There are no exemptions.

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

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

38. How will Medicaid providers be reimbursed?

Please contact the Maryland Department of Health.

39. Will employers' costs change depending on employees' usage of the program?

Employers in the State Plan will not be individually charged more depending on their employees' usage. Private plans may be structured differently.

40. Will an employee be reimbursed for their contributions if they leave a job but never filed a claim?

No. Like other insurance programs, FAMLI contributions go into a shared fund that is used to pay benefits.

41. Will I continue to pay into the program after I retire? Will I be eligible for benefits after I retire?

No. Contributions will only be due and benefits will only be available during employment.

42. Will third-party administrators be able to interact with the FAMLI system?

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

43. Can the State use the FAMLI Trust Fund for any purpose outside of FAMLI?

No, by law the FAMLI Trust Fund may only be used for the purposes of FAMLI.