

FAMLI Frequently Asked Questions

Version 2 - October 2025

The Maryland Department of Labor (MD Labor) is in the process of establishing our state's Family and Medical Leave Insurance (FAMLI) system. Listed below are the most frequently asked questions about contributions, particularly from the employer community, with answers from the FAMLI Division of MD Labor.

This document is an updated version of the FAQ's first published on our website in January 2024. 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!

Contributions Questions

1. How much will employers and employees contribute?

In September 2023, MD Labor announced a contribution rate for FAMLI of 0.9%. An updated actuarial report will be produced soon. If any change in the rate is recommended based on the findings in the report, the rate will be updated by May 1, 2026. This rate will apply when payroll withholding begins on January 1, 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 50% of the contribution rate 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 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.

3. 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.

4. 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.

5. 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.

6. 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](#).

These answers are based on the FAMLI 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 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).

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 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).

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. 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

11. 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.

These answers are based on the FAMLI 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.

12. 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.

13. 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.

14. 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.

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

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

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

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

17. Will independent contractors be required to contribute?

No, independent contractors are not required to pay contributions.

These answers are based on the FAMLI 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.

Independent contractors may choose to register as a self-employed individual in order to contribute and be eligible for benefits. Details about this process are forthcoming.

18. 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.

19. 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.

20. 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.

21. 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](#).

22. 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.

23. 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.

24. 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.

25. 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.

26. 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.

27. 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.

28. How will Medicaid providers be reimbursed?

Please contact the Maryland Department of Health.

29. 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.

30. 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.

These answers are based on the FAMLI 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.

31. 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.

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