Maryland FAMLI: What Employees and Employers Need to Know

Understanding Maryland's new paid family and medical leave benefits

Maryland's Family and Medical Leave Insurance program, passed by the Maryland General Assembly in 2022 as the Time to Care Act and is known as FAMLI, is designed to help eligible employees take time away from work for important family, medical, parental, or military-related reasons while still receiving partial wage replacement. For employees, FAMLI is intended to provide added financial security and job protection when life events require time away from the workplace.

Why FAMLI Matters for Employees

Starting in January 2028, eligible Maryland workers will be able to take up to 12 weeks of paid, job-protected leave per year for qualifying reasons. Benefits may be available when an employee welcomes a new child, manages a serious health condition, cares for a family member, supports a service member, or addresses urgent needs related to a family member's service deployment.

Key Employee Takeaways

- **Paid leave may be available:** Eligible employees may receive partial wage replacement while taking approved family or medical leave.
- **Job protection is part of the program:** FAMLI is intended to allow covered employees to take qualifying leave without losing their job because they used the benefit.
- **Benefits cover common life events:** Leave may be available for bonding with a new child, recovering from or managing a serious health condition, caring for a family member, or addressing certain military-related family needs.
- **Employees will help fund the program:** Beginning in 2027, employees who work in Maryland are expected to contribute through payroll deductions. The deduction rate is expected to be 0.9% of gross pay and the employee will pay up to half of the deduction (or .45%) and the employer contributes the other half (similar to FICA deductions). For example, if $1,000 is the gross pay for a employee the deduction amount is $9.00 and the employee share is $4.50.
- **Employee Leave Amount**: Beginning in 2028, employees can request up to 12 weeks of paid leave during a 12 month period (begins on Sunday before the first day of leave and ends 12 months from that date). The paid benefit will be calculated by the employer which can be up to 90% of weekly gross income based on a formula calculation.

Employer Concerns to Keep in Mind

If an employer has at least one employee, the employer will need to register with the Maryland FAMLI program through the Department of Labor. Small businesses who have less than 15 employees are only responsible for remitting 50% of the total payroll deductions. An employer can authorize third parties such as accountants, payroll providers and human resource companies to manage the reporting. Although FAMLI is an employee benefit, employers will carry much of the implementation burden.

- **Payroll readiness:** Employers will need to configure payroll systems to withhold employee contributions, calculate employer contributions where required, and remit payments on schedule (either to Maryland or through an authorized private plan provider).
- **Administrative reporting:** Quarterly wage and hour reports submitted to FAMLI electronically will require accurate employee, wage, withholding, and hours-worked data.
- **Policy coordination:** Employers should evaluate how FAMLI interacts with FMLA, Maryland sick and safe leave, PTO, parental leave, short-term disability, ADA accommodations and other workplace benefits.
- **Private plan decisions:** Employers may need to decide whether to use the state plan or seek approval for an equivalent private plan, which may involve additional planning and administration.
- **Employee Notifications:** Clear notices to employees about the FAMLI benefits will be important so employees understand their rights and employers respond consistently to leave requests. FAMLI will provide sample notices.

Have questions about Maryland FAMLI? Take a look at paidleave.maryland.gov. You may want to consult your human resource manager, payroll administrator or CPA as well.