



Maryland

DEPARTMENT OF LABOR

FAMLI Informal Regulatory Engagement Session

Phase 3 – Contributions

July 20, 2023

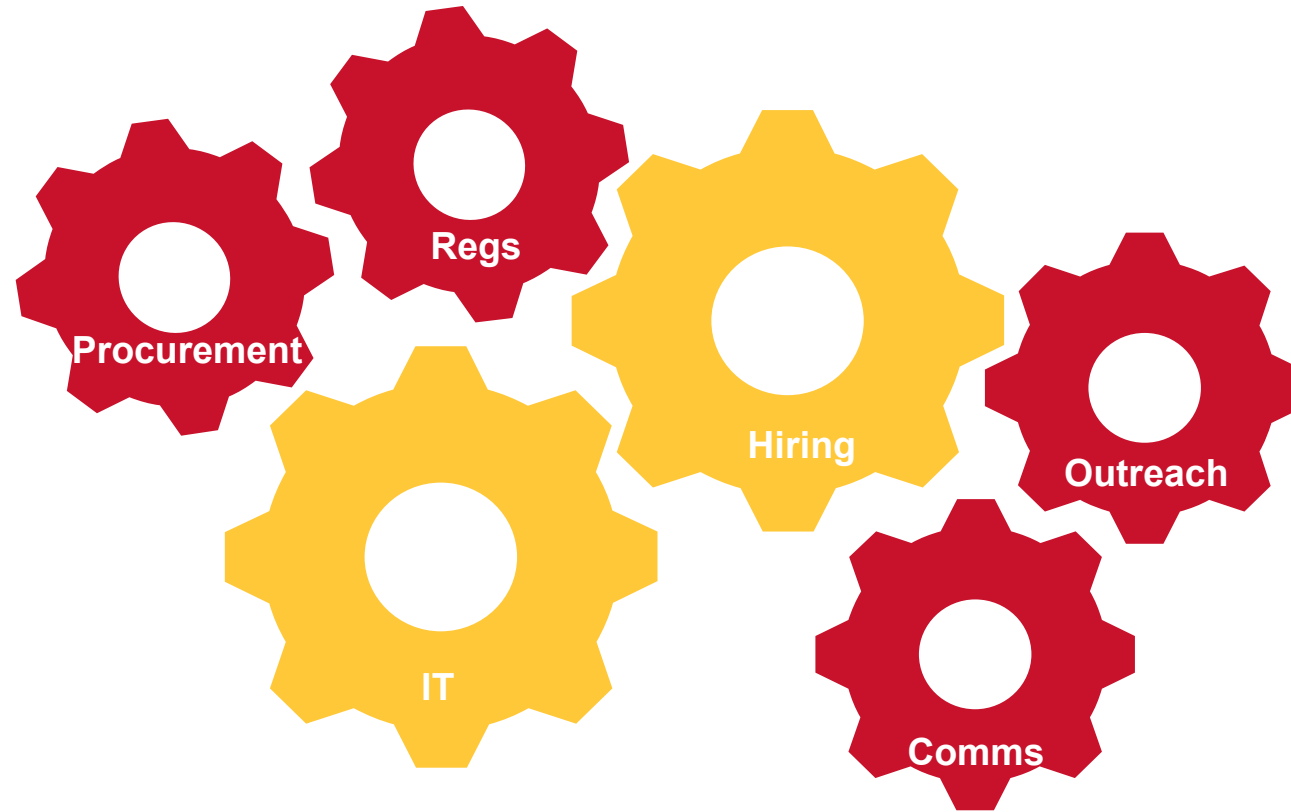




Agenda

- FAMLI Update
- Key Dates
- Contributions Considerations
- Public Comment
- Questions & Answers

FAMLI Update



Informal Regulatory Process Key Dates

Phase	Topics	Discussion Document Issued	Public Meeting	Draft Outline Issued	Draft Outline Comments Due
1	EPIPS	6/8/23	6/15/23	7/6/23	7/13/23
2	OSEP	6/22/23	7/6/23	7/20/23	7/27/23
3	Contributions	7/13/23	7/20/23	8/10/23	8/17/23
4	Appeals	7/27/23	8/7/23***	8/17/23	8/24/23
5	Claims	8/11/23	8/21/23	9/5/23	9/12/23
6	Misc.	8/24/23	8/31/23	9/14/23	9/21/23

***Date Change

Statute

MD Code, Labor and Employment

§ 8.3-601. Contributions

(a)(1) Beginning October 1, 2024, each employee of an employer, each employer with 15 or more employees, and each self-employed individual participating in the Program shall contribute to the Fund.

(2) The total rate of contribution established under this section:

(I) May not exceed 1.2% of an employee's wages; and

(II) Shall be applied to all wages up to and including the Social Security wage base.

(b)(1) Subject to subsection (A)(2) of this section, on or before October 1, 2023, the Secretary shall set the total rate of contribution based on available cost analyses of the Program.

(2) The rate set under paragraph (1) of this subsection shall be in effect for the period from October 1, 2024, to June 30, 2026, both inclusive.

Statute

MD Code, Labor and Employment

§ 8.3-601. Cont.

(e)(1)(I) Except as otherwise provided in this section, each employer of 15 or more employees shall contribute an amount equal to 50% of the total rate of contribution for each employee.

(II) Except as otherwise provided in this section, each employee of an employer shall contribute an amount equal to 50% of the total rate of contribution.

(2)(I) Except as provided in subparagraph (II) of this paragraph, the employer of the employee shall deduct the employee's required contribution from the wages of the employee.

(II) 1. An employer may elect to pay all or a portion of the required employee contributions in whole or in part.

2. If the employer of an employee elects to pay a portion of the employee's required contribution, the employer:

- A. May deduct an amount that is less than 50% of the rate of contribution required from the wages of the employee; and
- B. Shall notify the employees of the rate of contribution set for employees under subsection (D)(1) of this section and the portion of that amount that the employer is electing to pay.

Contributions Questions

1. What will be the registration requirements for existing businesses?
2. How might new employers be required to register with the State after contributions begin?
3. When might the Department set the rate for contributions?
4. How will wages be defined?
5. How will the maximum wage be applied to an employee with multiple jobs?
6. How does an employer determine if an employee is a covered employee in the State of Maryland?

Contributions Questions

7. How might the Division determine if an employer has 15 or more employees?
8. What might an employer have to do if they opt to pay in whole or in part the employee share of the contribution?
9. What might the consequence be if an employer fails to deduct the allowable employee contribution amount from an employee's pay during that pay cycle?
10. What might be the reporting and payment schedule for employers?
11. How might an employer be able to pay the contribution amount?
12. How might the Division handle delinquent payments?



How to Count to 15

- Quarterly
 - Responsive to fluctuations in employer size
 - No certainty
- Annually
 - Not responsive to seasonal changes
 - Certainty

Localization

- **One way of establishing localization is using the existing UI Localization rules for employees.**
 - These are well established rules.
 - There is ample settled guidance for special situations.
 - Employers are familiar with the rules.
- **Note:** for self-employed individuals we are considering using residency not localization.

Maximum Wage

- The relevant statutory language is:
 - (a)(1) Beginning October 1, 2024, each employee of an employer, each employer with 15 or more employees, and each self-employed individual participating in the Program shall contribute to the Fund.
 - (2) The total rate of contribution established under this section:
 - (i) may not exceed 1.2% of an employee's wages; and
 - (ii) shall be applied to all wages up to and including the Social Security wage base.
- One possible way of reading this text is that all wages paid by an employer to an employee each year are subject to contributions up to the amount of the Social Security wage base.

Reporting and Payment Schedule

Weekly

- Benefits are based on the worker's average weekly wage over the last 680 hours for which the covered individual worked.
- This level of recency and the level of detail may require wage and hour informational reports from employers on each of their employees as often as on a weekly cadence.

Quarterly

- Moving to quarterly reporting (like many other states and UI) would require a legislative fix.



Process

We have received numerous questions and inquiries regarding the process for registering and filing with the Department.

We appreciate that those questions are being flagged for us, but until we are further along in the IT development, we are unable to provide additional information.

Housekeeping

Written Comments can be sent to:
FAMLI.policy@maryland.gov

Upcoming Dates

- Phase 2 (OSEP) Draft Outline Released – Thursday, July 20
- Phase 4 (Appeals) Discussion Document Released – Thursday, July 27

