Maryland Paid Family Leave Will Soon Take Effect: Employer FAQs

Insights
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Maryland lawmakers passed a Paid Family Medical Leave Insurance law (FAMLI) several years ago, and the effective date is fast approaching – which means it's time for employers to make sure they understand the current version of the law and how to comply with their legal obligations. The law will soon provide employees working in Maryland with up to 12 weeks of job-protected paid leave for qualifying family and medical leave purposes. After several delays and revisions to the law, employer contributions are finally set to take effect July 1, 2025, and employee benefits will take effect July 1, 2026. Here are a series of frequently asked questions and answers to help employers get ready for this big change.

What does the law provide?

The FAMLI law provides two main benefits: job-protected leave and partial wage replacement during that leave. Eligible employees can take up to 12 workweeks of paid time off for leave:

- To prepare and care for a new child, whether through birth, adoption, or foster care in the first year;
- Because of the employee's own serious health condition;
- To care for a family member with a serious health condition; or
- For reasons related to a family member's military service.

An eligible employee can receive an additional 12 weeks of leave for their own serious health condition in the same year the employee uses 12 weeks of leave to care for a new child, up to a total of 24 weeks.

Which employers are affected?

The law applies to all employers with at least one employee working in Maryland. Employers with fewer than 15 employees are not required to contribute to the program.

Which employees are eligible for benefits?

Any employee who has worked at least 680 hours in a Maryland-based position over the 12-month period immediately preceding the date on which leave is set to begin is eligible for FAMLI benefits. Employees do not have to live in Maryland. Full-time, part-time, and seasonal workers can be eligible for benefits.

How will the benefit be funded?

The FAMLI Fund, administered by the state Department of Labor, will be funded equally by both employers and employees. Employers will deduct by payroll contributions from employee's wages at an initial rate of 0.9%, split between employer and employee, for all wages up to the maximum amount subject to Social Security tax, which is adjusted annually.

How much is the wage-replacement benefit during leave?

The benefits will replace up to 90% of weekly wages up to a maximum of $1,000 per week. Employees can also choose (but are not required to) use any other accrued paid leave available, such as sick leave, vacation, or PTO, to receive 100% of their wages.

How will employees receive the benefit?

Eligible employees must file an application for benefits to the Maryland FAMLI Division within 60 days of the anticipated start date of the leave. Employees should separately notify their employer of their need for leave.

What if the employer already offers paid family leave?

Employers can elect to self-fund a paid family leave program that meets or exceeds the benefits under the state-run program. A self-funded plan must be approved first by the Maryland Department of Labor.

Do employers have to provide employees notice?

Yes, employers must provide written notice of an employee's rights and duties to all employees at the start of employment and annually thereafter, as well as within 5 days of an employee notifying their employer of the need for leave under this law. The notice must include:

- an eligible employee's right to receive program benefits;
- the procedure for filing a claim for benefits;
- the employee's responsibilities prior to the commencement of leave and penalties for failing to do so;
- the employee's right to file a complaint for alleged violations;
- the employee's right to job protection; and

- a description of prohibited acts, penalties, and complaint procedures under the law.

Will there be a poster to satisfy posting requirements?

The Maryland Department of Labor is tasked with creating a poster.

When does the law go into effect?

The payroll contributions will go into effect on July 1, 2025, and paid leave will be available starting on July 1, 2026.

What steps should employers take to prepare?

- Take a look at your current policies. If you offer similar benefits to FAMLI, determine whether you would like to make any changes to the policies to claim exemption from the new law, with enough time to submit your policies to the Maryland Department of Labor for approval before the Family and Medical Leave Insurance Fund contributions goes into effect on July 1, 2025.
- If your company will be participating in FAMLI, be ready to implement the payroll contributions on July 1, 2025, and to give the required notice to your employees regarding their benefits, rights, and obligations. Update your employee handbook or benefits summaries accordingly.
- Employers should sign up for emails from the FAMLI Division at paidleave.maryland.gov. Information about registering for a FAMLI account should be coming soon.

Conclusion

You have plenty of time to complete a review of your current policies and consult with your Fisher Phillips attorneys to determine the right course of action. For more information about compliance with the new law, contact your Fisher Phillips attorney, the authors of this Insight, or any attorney in our Washington, D.C. office. Make sure you are subscribed to Fisher Phillips' Insight system to receive the most up-to-date information.

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